

**State of New Mexico**  
**Aztec Municipal School District**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **Introductory Section**

**Aztec Municipal School District**  
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**Aztec Municipal School District  
Official Roster  
June 30, 2019**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Roger Collins		President
Jimmy Dusenbery		Vice President
Fran Dobey		Secretary
Ryan Lane		Member
Wayne Ritter		Member

**Administrative Officials**

Kirk Carpenter	Superintendent
Tania Prokop	Deputy Superintendent
Evelyn Garcia	Finance Director

**Mosaic Academy Charter School Governing Council**

Pamela Sutherlin	President
Catherine Olson	Vice President
Kirsten Arnett	Secretary
Lany Cupps	Member
Dale Bode	Member
Joni Palmer	Member

**Mosaic Academy Charter School Administrative Officials**

Diane Mittler	Principal
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## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Aztec Municipal School District  
Aztec, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue fund with a legally adopted annual budget of Aztec Municipal School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund with a legally adopted annual budget of Aztec Municipal School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Restatement of Net Position and Fund Balance*

As discussed in note 16 to the basic financial statements, the prior year statements have been restated in the amount of \$233,483 in the governmental funds related to various corrections of errors. The prior financial statements were restated in the amount of \$2,397,078 in the governmental activities related to various corrections of errors. The prior financial statements were restated in the amount of \$111,441 in the discretely presented component unit related to deferred outflows related to pension not recorded in the prior year.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the *Management Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the GASB supplementary pension schedules and the GASB supplementary other post-employment benefits schedules on pages 76 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual

nonmajor fund financial statements, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the supporting schedules required by 2.2.2 NMAC, and other disclosures are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the supporting schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the supporting schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the operating effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
November 15, 2019

## **Financial Statements**

**Aztec Municipal School District**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government Governmental Activities	Component Unit Mosaic Academy
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 18,842,146	\$ 593,730
Receivables:		
Property taxes	575,341	5,203
Oil and gas taxes	321,946	-
Due from other governments	1,186,643	56,647
Inventory	17,329	-
Total current assets	20,943,405	655,580
Noncurrent assets		
Restricted cash and cash equivalents	1,050,000	-
Bond discounts, net of accumulated amortization of \$181,540	122,870	-
Capital assets	123,444,559	363,027
Less: accumulated depreciation	(65,904,573)	(223,285)
Total noncurrent assets	58,712,856	139,742
Total assets	79,656,261	795,322
Deferred outflows of resources		
Deferred outflow - pension	14,874,204	926,228
Deferred outflow - OPEB	289,235	52,689
Total deferred outflows of resources	15,163,439	978,917
Total assets and deferred outflows of resources	\$ 94,819,700	\$ 1,774,239

*The accompanying notes are an integral part of these financial statements.*

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Mosaic Academy</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 103,119	\$ 19,016
Accrued payroll	615,572	26,229
Accrued interest	187,024	-
Accrued compensated absences	61,727	-
Current portion of loans and capital leases payable	5,150,000	-
<b>Total current liabilities</b>	<b>6,117,442</b>	<b>45,245</b>
Noncurrent liabilities		
Accrued compensated absences	183,474	-
Bonds payable	22,350,000	-
Bond premiums, net of accumulated amortization of \$2,222,981	641,727	-
Net pension liability	60,629,140	3,411,623
Net OPEB liability	14,490,892	816,186
<b>Total noncurrent liabilities</b>	<b>98,295,233</b>	<b>4,227,809</b>
<b>Total liabilities</b>	<b>104,412,675</b>	<b>4,273,054</b>
Deferred inflows of resources		
Deferred inflows - pension	2,044,367	159,737
Deferred inflows - OPEB	4,323,043	210,887
<b>Total deferred inflows of resources</b>	<b>6,367,410</b>	<b>370,624</b>
Net position		
Net investment in capital assets	33,181,072	139,742
Restricted for:		
Debt service	8,288,341	-
Capital projects	7,991,717	237,421
Special revenue	1,628,484	-
Unrestricted	(67,049,999)	(3,246,602)
<b>Total net position</b>	<b>(15,960,385)</b>	<b>(2,869,439)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 94,819,700</b>	<b>\$ 1,774,239</b>

*The accompanying notes are an integral part of these financial statements.*

**Aztec Municipal School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
<b>Governmental activities:</b>			
Instruction	\$ 20,940,928	\$ 124,591	\$ 1,421,412
Support services - students	2,929,472	17,429	198,840
Support services - instruction	749,407	4,459	50,865
Support services - general administration	669,334	3,982	45,430
Support services - school administration	3,041,654	18,097	206,454
Central services	1,563,549	9,303	106,126
Operation and maintenance of plant	4,773,236	28,399	323,988
Student transportation	1,625,092	-	940,240
Other support services	2,009	12	134
Food services operations	1,568,446	243,576	1,275,187
Community services operations	95,372	567	6,472
Interest and other charges	435,967	-	-
<b>Total governmental activities</b>	<b>38,394,466</b>	<b>450,415</b>	<b>4,575,148</b>
<b>Total primary government</b>	<b>\$ 38,394,466</b>	<b>\$ 450,415</b>	<b>\$ 4,575,148</b>
<b>Component unit:</b>			
Mosaic Academy Charter School	\$ 2,076,987	\$ -	\$ 193,289

**General revenues:**

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

Oil and gas taxes

State equalization guarantee

Investment income

Other revenue

**Total general revenues**

**Change in net position**

Net position - beginning, as originally stated

Net position - restatement (note 16)

Net position - beginning, as restated

**Net position - ending**

*The accompanying notes are an integral part of these financial statements.*



<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Capital Grants and Contributions</b>		<b>Governmental Activities</b>	<b>Component Unit</b>
\$ 36,219		\$ (19,358,706)	
5,067		(2,708,136)	
1,296		(692,787)	
1,158		(618,764)	
5,261		(2,811,842)	
2,704		(1,445,416)	
8,256		(4,412,593)	
-		(684,852)	
3		(1,860)	
-		(49,683)	
165		(88,168)	
-		(435,967)	
<u>60,129</u>		<u>(33,308,774)</u>	
<u>\$ 60,129</u>		<u>(33,308,774)</u>	

<u>\$ -</u>	<u>\$ (1,883,698)</u>
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156,975	-
4,559,812	-
808,670	49,944
2,625,070	25,466
20,855,965	1,368,699
166,970	-
57,564	-
<u>29,231,026</u>	<u>1,444,109</u>
<u>(4,077,748)</u>	<u>(439,589)</u>
(14,279,715)	(2,541,291)
2,397,078	111,441
<u>(11,882,637)</u>	<u>(2,429,850)</u>
<u>\$ (15,960,385)</u>	<u>\$ (2,869,439)</u>

*The accompanying notes are an integral part of these financial statements.*

**Aztec Municipal School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General Fund 11000, 13000, 14000	Entitlement IDEA-B 24106	Bond Building Capital Projects Fund 31100
<b>Assets</b>			
Cash and cash equivalents	\$ 2,965,391	\$ -	\$ 3,659,943
Receivables:			
Property taxes	17,338	-	-
Oil and gas taxes	12,693	-	-
Due from other governments	22,705	436,059	-
Inventory	-	-	-
Due from other funds	866,745	-	-
<b>Total assets</b>	<b>\$ 3,884,872</b>	<b>\$ 436,059</b>	<b>\$ 3,659,943</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 45,636	\$ -	\$ -
Other accrued liabilities	555,810	24,360	-
Due to other funds	-	411,699	-
<b>Total liabilities</b>	<b>601,446</b>	<b>436,059</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	13,915	-	-
<b>Total deferred inflows of resources</b>	<b>13,915</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventory	-	-	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Instructional materials	179,970	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	3,659,943
Debt service	-	-	-
<b>Committed for:</b>			
Roof replacement	750,000	-	-
Solar system replacement	312,500	-	-
Activity bus	250,000	-	-
Subsequent year's expenditures	2,366,518	-	-
Unassigned (deficit)	(589,477)	-	-
<b>Total fund balances</b>	<b>3,269,511</b>	<b>-</b>	<b>3,659,943</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,884,872</b>	<b>\$ 436,059</b>	<b>\$ 3,659,943</b>

*The accompanying notes are an integral part of these financial statements.*

	Capital Improvements SB- 9 (Local) Fund 31701	Debt Service Fund 41000	Total Nonmajor Governmental Funds	Total
\$	4,193,104	\$ 7,918,399	\$ 1,155,309	\$ 19,892,146
	86,315	471,688	-	575,341
	50,774	258,479	-	321,946
	-	-	727,879	1,186,643
	-	-	17,329	17,329
	-	-	-	866,745
<b>\$</b>	<b>4,330,193</b>	<b>\$ 8,648,566</b>	<b>\$ 1,900,517</b>	<b>\$ 22,860,150</b>
\$	-	\$ -	\$ 57,483	\$ 103,119
	-	-	35,402	615,572
	-	-	455,046	866,745
	-	-	547,931	1,585,436
	66,783	360,225	-	440,923
	66,783	360,225	-	440,923
	-	-	17,329	17,329
	-	-	21,449	201,419
	-	-	743,004	743,004
	-	-	25,341	25,341
	-	-	477,099	477,099
	4,263,410	-	68,364	7,991,717
	-	8,288,341	-	8,288,341
	-	-	-	750,000
	-	-	-	312,500
	-	-	-	250,000
	-	-	-	2,366,518
	-	-	-	(589,477)
	4,263,410	8,288,341	1,352,586	20,833,791
<b>\$</b>	<b>4,330,193</b>	<b>\$ 8,648,566</b>	<b>\$ 1,900,517</b>	<b>\$ 22,860,150</b>

*The accompanying notes are an integral part of these financial statements.*

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**Aztec Municipal School District**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 20,833,791
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	57,539,986
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities	440,923
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:	
Deferred outflows - pension (note 9)	14,874,204
Deferred inflows - pension (note 9)	(2,044,367)
Deferred outflows - OPEB (note 10)	289,235
Deferred inflows - OPEB (note 10)	(4,323,043)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond discounts	122,870
Bond premiums	(641,727)
Accrued interest payable	(187,024)
Accrued compensated absences not due and payable	(245,201)
Bonds payable	(27,500,000)
Net pension liability	(60,629,140)
Net OPEB liability	(14,490,892)
Total net position - governmental funds	\$ (15,960,385)

*The accompanying notes are an integral part of these financial statements.*

**Aztec Municipal School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Entitlement</b>	<b>Bond Building</b>
	<b>11000, 13000,</b>	<b>IDEA-B</b>	<b>Capital Projects</b>
	<b>14000</b>	<b>24106</b>	<b>Fund</b>
			<b>31100</b>
<b>Revenues</b>			
Property taxes	\$ 155,865	\$ -	\$ -
Oil and gas taxes	104,393	-	-
Intergovernmental revenues:			
Federal flowthrough	73,924	620,957	-
Federal direct	-	-	-
State flowthrough	52,157	-	-
State direct	14,424	-	-
Transportation distribution	940,240	-	-
State instruction distribution	99,607	-	-
State equalization guarantee	20,855,965	-	-
Charges for services	85,175	-	-
Investment income	166,970	-	-
Other revenue	35,760	-	-
<b>Total revenues</b>	<b>22,584,480</b>	<b>620,957</b>	<b>-</b>
<b>Expenditures</b>			
Current:			
Instruction	12,699,758	321,059	-
Support services - students	1,945,601	4,300	-
Support services - instruction	365,345	-	-
Support services - general administration	401,900	15,547	-
Support services - school administration	1,781,258	122,610	-
Central services	1,004,069	43,839	-
Operation and maintenance of plant	2,743,756	-	177,876
Student transportation	1,019,148	113,602	-
Community services operations	61,086	-	-
Other support services	1,827	-	-
Food services operations	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
<b>Total expenditures</b>	<b>22,023,748</b>	<b>620,957</b>	<b>177,876</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>560,732</b>	<b>-</b>	<b>(177,876)</b>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	518	-	-
<b>Total other financing sources (uses)</b>	<b>518</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>561,250</b>	<b>-</b>	<b>(177,876)</b>
Fund balances - beginning, as originally stated	2,720,846	-	3,837,819
Fund balances - restatement (note 16)	(12,585)	-	-
Fund balances - beginning, as restated	2,708,261	-	3,837,819
<b>Fund balances - ending</b>	<b>\$ 3,269,511</b>	<b>\$ -</b>	<b>\$ 3,659,943</b>

*The accompanying notes are an integral part of these financial statements.*

	Capital Improvements SB- 9 (Local) Fund 31701	Debt Service Fund 41000	Total Nonmajor Governmental Funds	Total
\$	821,127	\$ 4,524,788	\$ (18,631)	\$ 5,483,149
	392,113	2,128,564	-	2,625,070
	-	-	1,649,966	2,344,847
	-	-	114,993	114,993
	-	-	612,809	664,966
	-	-	456,200	470,624
	-	-	-	940,240
	-	-	-	99,607
	-	-	-	20,855,965
	-	-	365,240	450,415
	-	-	-	166,970
	21,286	-	-	57,046
	1,234,526	6,653,352	3,180,577	34,273,892
	-	-	1,276,243	14,297,060
	-	-	199,658	2,149,559
	-	-	143,539	508,884
	6,000	45,158	58,378	526,983
	-	-	89,877	1,993,745
	-	-	16,148	1,064,056
	933,179	-	60,131	3,914,942
	-	-	17,601	1,150,351
	-	-	-	61,086
	-	-	-	1,827
	-	-	1,426,401	1,426,401
	32,284	-	-	32,284
	-	4,750,000	-	4,750,000
	-	762,816	-	762,816
	971,463	5,557,974	3,287,976	32,639,994
	263,063	1,095,378	(107,399)	1,633,898
	-	-	-	518
	-	-	-	518
	263,063	1,095,378	(107,399)	1,634,416
	4,007,088	6,940,154	1,459,985	18,965,892
	(6,741)	252,809	-	233,483
	4,000,347	7,192,963	1,459,985	19,199,375
\$	4,263,410	\$ 8,288,341	\$ 1,352,586	\$ 20,833,791

The accompanying notes are an integral part of these financial statements.

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**Aztec Municipal School District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,634,416
--------------------------------------------------------	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital expenditures	32,284
Depreciation expense	(3,401,318)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	42,308
--------------------------------------------------------------------	--------

Governmental funds report district pension and opeb contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense:

District pension contributions	2,017,675
Pension expense	(9,960,015)
District OPEB contributions	289,235
OPEB expense	141,901

Expenses in the statement of activities that do not consume current financial resources are not reported as expenditures in the funds:

Increase in accrued compensated absences not due and payable	48,917
Decrease in accrued interest payable	6,099

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Amortization of bond discounts	(24,951)
Amortization of bond premiums	345,701
Principal payments on bonds	4,750,000

Change in net position of governmental activities	\$ (4,077,748)
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*The accompanying notes are an integral part of these financial statements.*

**Aztec Municipal School District**  
**General Fund (11000, 13000, 14000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 138,706	\$ 138,706	\$ 155,943	\$ 17,237
Oil and gas taxes	82,066	82,066	109,899	27,833
Intergovernmental revenues:				
Federal flowthrough	60,000	60,000	73,924	13,924
State flowthrough	44,320	44,320	52,986	8,666
State direct	10,953	10,953	14,424	3,471
State equalization guarantee	20,718,364	20,718,364	20,855,965	137,601
Transportation distribution	940,240	940,240	940,240	-
State instruction distribution	97,687	99,608	97,686	(1,922)
Charges for services	39,680	39,680	83,107	43,427
Investment income	100,800	100,800	165,636	64,836
Other revenue	29,126	29,126	35,312	6,186
<b>Total revenues</b>	<b>22,261,942</b>	<b>22,263,863</b>	<b>22,585,122</b>	<b>321,259</b>
<b>Expenditures</b>				
Current:				
Instruction	14,456,371	14,456,792	12,699,408	1,757,384
Support services - students	1,991,709	1,991,709	1,945,601	46,108
Support services - instruction	349,589	384,942	365,345	19,597
Support services - general administration	359,656	447,487	401,429	46,058
Support services - school administration	1,670,256	1,782,635	1,781,258	1,377
Central services	1,095,994	1,095,994	1,004,205	91,789
Operation and maintenance of plant	3,211,292	2,945,150	2,740,313	204,837
Student transportation	1,025,940	1,082,950	1,022,789	60,161
Community services operations	63,624	63,624	61,086	2,538
Other support services	5,279	5,279	1,827	3,452
<b>Total expenditures</b>	<b>24,229,710</b>	<b>24,256,562</b>	<b>22,023,261</b>	<b>2,233,301</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,967,768)</b>	<b>(1,992,699)</b>	<b>561,861</b>	<b>2,554,560</b>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	1,962,164	1,987,095	-	(1,987,095)
Proceeds from sale of capital assets	5,604	5,604	510	(5,094)
<b>Total other financing sources (uses)</b>	<b>1,967,768</b>	<b>1,992,699</b>	<b>510</b>	<b>(1,992,189)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>562,371</b>	<b>562,371</b>
Fund balances - beginning	-	-	2,738,885	2,738,885
Fund balances - restatement (note 16)	-	-	(24,930)	(24,930)
Fund balances - beginning, as restated	-	-	-	-
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,276,326</b>	<b>\$ 3,276,326</b>
<b>Net change in fund balances (Non-GAAP Budgetary Basis)</b>				<b>\$ 562,371</b>
Adjustments to revenues for changes in state revenues and property taxes				(634)
Adjustments to expenditures for supplies, maintenance, rentals, and accrued payroll				(487)
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ 561,250</b>

*The accompanying notes are an integral part of these financial statements.*

**Aztec Municipal School District  
Entitlement IDEA-B (24106)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<b>Revenues</b>				
Federal flowthrough	\$ -	\$ 905,054	\$ 647,748	\$ (257,306)
<b>Total revenues</b>	<b>-</b>	<b>905,054</b>	<b>647,748</b>	<b>(257,306)</b>
<b>Expenditures</b>				
Current:				
Instruction	-	442,394	321,059	121,335
Support services - students	-	52,687	4,300	48,387
Support services - general administration	-	15,876	15,547	329
Support services - school administration	-	185,063	122,610	62,453
Central services	-	64,592	43,839	20,753
Student transportation	-	144,442	113,602	30,840
<b>Total expenditures</b>	<b>-</b>	<b>905,054</b>	<b>620,957</b>	<b>284,097</b>
Excess (deficiency) of revenues over expenditures	-	-	26,791	26,791
Net change in fund balances	-	-	26,791	26,791
Fund balances - beginning of year	-	-	(462,850)	(462,850)
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (436,059)</b>	<b>\$ (436,059)</b>
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ 26,791
Adjustments to revenues for changes in federal revenues				(26,791)
No adjustments for expenditures				-
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ -</b>

*The accompanying notes are an integral part of these financial statements.*

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**Aztec Municipal School District**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

	<b>Agency Funds</b>
Current assets	
Cash and cash equivalents	\$ 326,406
<b>Total assets</b>	<b>\$ 326,406</b>
Current liabilities	
Deposits held in trust for others	\$ 326,406
<b>Total liabilities</b>	<b>\$ 326,406</b>

*The accompanying notes are an integral part of these financial statements.*

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**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Aztec Municipal School District (the “District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2019, the District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement No. 83, *Certain Capital Asset Retirement Obligations*. These statements are required to be implemented as of June 30, 2019, if applicable. These statements did not have a significant impact on the District.

*Financial Reporting Entity*

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 amended by GASB Statements No. 39, No. 61, and No. 80. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the District has three component units and is not a component unit of another government agency.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District's Board of Education approved the Mosaic Academy Charter School (the "Charter") for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit. The discretely presented component unit does not have separately issued financial statements.

The District has the Aztec Municipal School Foundation (the "Foundation"). The Foundation raises funds to support the cultural and education programs for the District. The Charter has the Friends of Mosaic Academy ("FOMA"). FOMA raises funds to support the future successes of the Charter. The financial activities of the Foundation and FOMA are not significant to the District and therefore the financial statements for both entities are not presented in the accompanying financial statements. No separately issued financial statements are prepared for the Foundation or FOMA.

*Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets, restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function such as the sale of lunch tickets and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function such as state and federal grants. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Pupil Transportation Fund*, which is used to account for transportation distribution received from the New Mexico Public Education Department for the purpose of paying for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The *Entitlement IDEA-B* is used to account for a program funded by a federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

The *Bond Building Capital Projects Fund* is used to account for the erection of, remodeling of, additions to, and furnishings of school buildings. Funding authority is the New Mexico Public Education Department.

The *Capital Improvements SB-9* is used to account for resources received through Senate Bill 9 obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Funding authority is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

*Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

**Deposits and Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. The capital projects funds are used to report resources set aside for special capital outlay projects.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in San Juan County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2019 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**Inventory:** The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land improvements	20-40
Buildings and improvements	20-40
Furniture, fixtures and equipment	3-20

**Deferred Inflows of Resources- District:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount become available. The District has recorded \$440,923 related to property taxes considered to be "unavailable." In addition, the District has two types of items present on the Statement of Net Position relate to GASB 68 related net pension totaling \$2,044,367. These items are detailed in Note 9.

Lastly, the District has four types of items present on the Statement of Net Position which arise due to GASB 75 related to OPEB liability totaling \$4,323,043. These items are detailed in Note 10. The GASB 68 and GASB 75 related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Charter has one type of item, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount become available. The Charter has recorded \$4,021 related to property taxes considered to be "unavailable." In addition, the Charter has two types of items present on the Statement of Net Position relate to GASB 68 related net pension totaling \$159,737. These items are detailed in Note 9. Lastly, the Charter has three types of items present on the Statement of Net Position which arise due to GASB 75 related to OPEB liability totaling \$210,887. These items are detailed in Note 10. The GASB 68 and GASB 75 related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows of Resources- District:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has five types of items that qualify for reporting in this category that arise due to GASB 68 and one that arises due to GASB 75. They total \$14,874,204 and \$289,235, respectively. The items related to the implementation of GASB 68 are detailed in Note 9 and those related to GASB 75 in Note 10. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

The Charter has five types of items that qualify for reporting in this category that arise due to GASB 68 and two that arises due to GASB 75. They total \$926,228 and \$52,689, respectively. The items related to the implementation of GASB 68 are detailed in Note 9 and those related to GASB 75 in Note 10. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post Employment Benefit:** For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care (RHC) and additions to/deductions from RHC's fiduciary net position have been determined on the same basis as they are reported by RHC, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences:** The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these accounts is reported in the governmental funds only if they have matured. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employee.

The liability for compensated absences decreased by \$48,917 for a total of \$245,201 as of June 30, 2019.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Balance Classification Policies and Procedures:** The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2019, the nonspendable fund balance in the Food Services Fund is \$17,329 for inventory. There were no prepaid expenses as of the year-end to be categorized as nonspendable.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted and Committed Fund Balance:** At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$1,446,863 restricted for transportation, instructional materials, food services, extracurricular activities and education to the students of the District, \$7,991,717 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$8,288,341 restricted for the payment of principal and interest of the future debt service requirements. The District has committed fund balance totaling \$2,366,518 for subsequent year's expenditures, \$750,000 for roof replacements, \$312,500 for solar system replacements, and \$250,000 for an activity bus as of June 30, 2019. The District has no minimum fund balance policy. Residual amounts are reported as unassigned in the General Fund.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District includes unspent bond proceeds in the amount of \$3,659,943 in the calculation of net investment in capital assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on page 33-34 and 92-95.
- c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and the related deferred inflows and outflows of resources, OPEB liability and the related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs." A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District and Charter received \$20,855,965 and \$1,368,699, respectively, in state equalization guarantee distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy, ad-valorem, and oil and gas tax revenues primarily for debt service and capital outlay purposes. Property taxes (ad valorem) are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District and Charter recognized \$8,150,527 and \$75,410, respectively, in the government-wide financial statements during the year ended June 30, 2019. Descriptions of the funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. The District had no tax abatements requiring separate disclosure under GASB Statement No. 77.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$940,240 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$99,607 and \$6,109 for the District and the Charter, respectively.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act.



**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District and Charter received \$60,131 and \$0, respectively, in State SB-9 matching during the year ended June 30, 2019.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, with payroll and held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

Actual expenditures may not exceed the budget at the function (or “series”) level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a “series” this may be accomplished with only local Board of Education approval. If a transfer between “series” or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2019, was properly amended by the District's Board of Education throughout the year. The amendments resulted in the following changes:

	<b>Excess (deficiency) of Revenues over Expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted funds:		
General Fund	\$ (1,967,768)	\$ (1,992,699)
Entitlement IDEA-B	-	-
Bond Building Capital Projects Fund	(3,810,497)	(3,810,497)
Capital Improvements SB-9	(4,249,849)	(4,249,849)
Debt Service Fund	(4,800,270)	(4,800,270)
Other governmental funds	(617,087)	(1,026,758)
	\$ (15,439,867)	\$ (15,874,469)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

**NOTE 3: DEPOSITS AND INVESTMENTS**

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$2,434,040 of the District's bank balances of \$2,934,040 was exposed to custodial credit risk. \$2,183,072 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$250,968 was uninsured and uncollateralized.

	<b>Citizens Bank</b>	<b>Wells Fargo</b>	<b>Total</b>
Amount of deposits	\$ 2,056,621	\$ 877,419	\$ 2,934,040
FDIC coverage	(250,000)	(250,000)	(500,000)
<b>Total uninsured public funds</b>	<b>1,806,621</b>	<b>627,419</b>	<b>2,434,040</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name			
	1,806,621	376,451	2,183,072
<b>Uninsured and uncollateralized</b>	<b>\$ -</b>	<b>\$ 250,968</b>	<b>\$ 250,968</b>
Collateral requirement (50%)			
	\$ 903,311	\$ 313,710	\$ 1,217,021
Pledged securities	9,860,209	376,451	10,236,660
<b>Over (under) collateralized</b>	<b>\$ 8,956,898</b>	<b>\$ 62,741</b>	<b>\$ 9,019,639</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 134 of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, School district or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

*Investment Custodial Credit Risks.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2019, the District's investment balances were exposed to custodial credit risk as follows:

	<b>Citizens Bank</b>	<b>Total</b>
Amount of deposits	\$ 17,545,290	\$ 17,545,290
FDIC coverage	-	-
<b>Total uninsured public funds</b>	<b>17,545,290</b>	<b>17,545,290</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	17,545,290	17,545,290
<b>Uninsured and uncollateralized</b>	<b>\$ -</b>	<b>\$ -</b>
Collateral requirement (102%)	\$ 17,896,196	\$ 17,896,196
Pledged securities	17,896,196	17,896,196
<b>Over (under) collateralized</b>	<b>\$ -</b>	<b>\$ -</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash per statement of net position	\$	18,842,146
Restricted cash per statement of net position		1,050,000
Cash - statement of fiduciary assets and liabilities		326,406
<hr/>		
Total cash, cash equivalents, and investments		20,218,552
Add: outstanding checks		902,301
Less: held checks		(626,583)
Less: petty cash		(14,940)
<hr/>		
Bank balance of deposits	\$	20,479,330
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**Component Unit**

The Charter does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$57,490 of the Charter's bank balances of \$507,490 was exposed to custodial credit risk. \$57,490 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the Charter's name, and \$0 was uninsured and uncollateralized.

	<b>Citizens Bank</b>		<b>Total</b>
Amount of deposits	\$ 507,490	\$	507,490
FDIC coverage	(450,000)		(450,000)
Total uninsured public funds	57,490		57,490
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Charter's name			
	57,490		57,490
Uninsured and uncollateralized	\$ -	\$	-
Collateral requirement (50%)			
	\$ 28,745	\$	28,745
Pledged securities	585,388		585,388
Over (under) collateralized	\$ 556,643	\$	556,643
<hr/> <hr/>			

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 134 of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, School district or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Charter's statement of net position as follows:

Cash per statement of net position	\$	593,730
Cash - statement of fiduciary assets and liabilities		22,798
<hr/>		
Total cash, cash equivalents, and investments		616,528
Add: outstanding checks		6,223
Less: deposits in transit		(115,261)
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Bank balance of deposits	\$	507,490
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**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 4: ACCOUNTS RECEIVABLE**

**Primary Government**

Accounts receivable as of June 30, 2019, are as follows:

	<b>General Fund</b>	<b>Entitlement IDEA-B</b>	<b>Capital Improvement</b>
Tax receivables:			
Property taxes	\$ 17,338	\$ -	\$ 86,315
Oil and gas taxes	12,693	-	50,774
Due from other governments:			
Federal sources	-	436,059	-
State sources	22,705	-	-
<b>Totals by fund</b>	<b>\$ 52,736</b>	<b>\$ 436,059</b>	<b>\$ 137,089</b>

	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Tax receivables:			
Property taxes	\$ 471,688	\$ -	\$ 575,341
Oil and gas taxes	258,479	-	321,946
Due from other governments:			
Federal sources	-	383,393	819,452
State sources	-	344,486	367,191
<b>Totals by fund</b>	<b>\$ 730,167</b>	<b>\$ 727,879</b>	<b>\$ 2,083,930</b>



**Aztec New Mexico School District  
Notes to Financial Statements  
June 30, 2019**

**NOTE 4: ACCOUNTS RECEIVABLE (Continued)**

**Component Unit**

Accounts receivable as of June 30, 2019, are as follows:

	<b>Total Governmental Funds</b>
<hr/>	
Tax receivables:	
Property taxes	\$ 5,203
Due from other governments:	
Federal sources	27,283
State sources	29,364
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Totals by fund	\$ 61,850
<hr/> <hr/>	

In accordance with GASB Statement No. 33, property tax revenues for the District and Charter in the amount of \$440,923 and \$4,021, respectively, that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The District and Charter record temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances of the District during the year ended June 30, 2019 is as follows:

<b>Due from Other Funds</b>		<b>Due to Other Funds</b>		<b>Amount</b>
11000	Operational	24101	Title I	\$ 92,934
11000	Operational	24106	Entitlement IDEA-B	411,699
11000	Operational	24108	NM Autism Project	6,578
11000	Operational	24109	Preschool IDEA-B	4,164
11000	Operational	24132	IDEA-B Results Plan	2,501
11000	Operational	24154	Teacher/Principal Training & Recruiting	41,560
11000	Operational	24174	Carl Perkins Secondary	9,799
11000	Operational	24189	Student Support and Academic Achievement Program	2,343
11000	Operational	24190	Comprehensive Support and Improvement	11,046
11000	Operational	25131	Johnson O'Malley	8,614
11000	Operational	25184	Indian Education Formula Grant	28,823
11000	Operational	27103	Dual Credit Instructional Materials	6,079
11000	Operational	27107	2012 GO Bond - Student Library	204
11000	Operational	27114	NM Reads to Lead K-3 Reading Initiative	48,495
11000	Operational	27149	Pre-K Initiative	99,913
11000	Operational	27150	Indian Education Act	28,539
11000	Operational	27168	After School Enrichment Program	13,374
11000	Operational	27198	K5 Plus	10,647
11000	Operational	28133	Youth Conservation Corp	39,433
<b>Total</b>				<b>\$ 866,745</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

The composition of interfund balances of the Charter during the year ended June 30, 2019 is as follows:

<b>Due from Other Funds</b>		<b>Due to Other Funds</b>		<b>Amount</b>
11000	Operational	24101	Title I - IASA	\$ 4,266
11000	Operational	24106	Entitlement IDEA-B	20,245
11000	Operational	24154	Teacher/Principal Training & Recruiting	2,772
11000	Operational	31200	Public School Capital Outlay	21,490
<b>Total</b>				<b>\$ 48,773</b>

All interfund balances are intended to be repaid within one year. At June 30, 2019, there were the following transfers were made to close out funds for the District or the Charter.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 6: CAPITAL ASSETS**

**District**

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows:

<b>Governmental activities:</b>	<b>Balance June 30, 2018</b>	<b>Net Position Restatement</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 6,105,691	\$ -	\$ -	\$ -	\$ 6,105,691
<b>Total capital assets not being depreciated</b>	<b>6,105,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,105,691</b>
<b>Capital assets being depreciated:</b>					
Land improvements	468,756	-	-	-	468,756
Buildings and improvements	103,880,421	-	-	-	103,880,421
Furniture, fixtures and equipment	13,001,822	-	32,284	(44,415)	12,989,691
<b>Total capital assets being depreciated</b>	<b>117,350,999</b>	<b>-</b>	<b>32,284</b>	<b>(44,415)</b>	<b>117,338,868</b>
<b>Total capital assets</b>	<b>123,456,690</b>	<b>-</b>	<b>32,284</b>	<b>(44,415)</b>	<b>123,444,559</b>
<b>Less accumulated depreciation:</b>					
Land improvements	153,626	15,982	28,737	-	198,345
Buildings and improvements	53,750,166	106,914	2,380,183	-	56,237,263
Furniture, fixtures and equipment	8,428,213	92,769	992,398	(44,415)	9,468,965
<b>Total accumulated depreciation</b>	<b>62,332,005</b>	<b>215,665</b>	<b>3,401,318</b>	<b>(44,415)</b>	<b>65,904,573</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 61,124,685</b>	<b>\$ -</b>	<b>\$ (3,369,034)</b>	<b>\$ -</b>	<b>\$ 57,539,986</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 6: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

Instruction	\$ 1,797,064
Support services - students	250,979
Support services - instruction	64,234
Support services - general administration	57,374
Support services - school administration	260,708
Central services	134,016
Operation and maintenance of plant	400,687
Student transportation	139,291
Community services operations	8,175
Other support services	172
Food services operations	134,435
<hr/>	
<b>Total</b>	<b>\$ 3,247,135</b>

**Component Unit**

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows:

<b>Governmental activities:</b>	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
<hr/>				
Capital assets being depreciated:				
Buildings and improvements	\$ 297,466	\$ -	\$ -	\$ 297,466
Furniture, fixtures and equipment	65,561	-	-	65,561
<hr/>				
<b>Total capital assets being depreciated</b>	<b>363,027</b>	<b>-</b>	<b>-</b>	<b>363,027</b>
<hr/>				
Less accumulated depreciation:				
Buildings and improvements	145,765	10,670	-	156,435
Furniture, fixtures and equipment	60,435	6,415	-	66,850
<hr/>				
<b>Total accumulated depreciation</b>	<b>206,200</b>	<b>17,085</b>	<b>-</b>	<b>223,285</b>
<hr/>				
<b>Total capital assets, net of depreciation</b>	<b>\$ 156,827</b>	<b>\$ (17,085)</b>	<b>\$ -</b>	<b>\$ 139,742</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 6: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

Instruction	\$	10,821
Support services		3,987
Central services		823
Operations and maintenance of plant		1,406
Food services		48
<hr/>		
Total	\$	17,085
<hr/> <hr/>		

**NOTE 7: LONG-TERM DEBT**

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities.

Bonds outstanding at June 30, 2019 are comprised of the following:

	<b>Series 2008</b>	<b>Series 2010</b>	<b>Series 2010B</b>	<b>Series 2015</b>
Original issue:	\$ 13,225,000	\$ 12,200,000	\$ 22,025,000	\$ 11,000,000
Principal:	1-Oct	1-Oct	1-Oct	1-Oct
Interest:	1-Oct	1-Oct	1-Oct	1-Oct
Interest rates:	3.00%-4.00%	3.00%-5.69%	3.00%-5.00%	2.00%-3.00%
Maturity date:	10/1/2020	8/1/2027	10/1/2020	10/1/2028

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2019</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 32,250,000	\$ -	\$ 4,750,000	\$ 27,500,000	\$ 5,150,000
Compensated absences	294,118	12,810	61,727	245,201	61,727
<hr/>					
Total long-term debt	\$ 32,544,118	\$ 12,810	\$ 4,811,727	\$ 27,745,201	\$ 5,211,727
<hr/> <hr/>					

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: LONG-TERM DEBT (Continued)**

The annual requirement to amortize the District's bonds outstanding as of June 30, 2019, including interest payments, is as follows:

<b>Fiscal Year</b>				<b>Total Debt</b>
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Service</b>	
2020	\$ 5,150,000	\$ 598,558	\$	5,748,558
2021	4,950,000	439,558		5,389,558
2022	3,000,000	346,474		3,346,474
2023	3,000,000	306,474		3,306,474
2024 & thereafter	11,400,000	1,019,133		12,419,133
<b>Totals</b>	<b>\$ 27,500,000</b>	<b>\$ 2,710,197</b>	<b>\$</b>	<b>30,210,197</b>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$48,917 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

**NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverage.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

**Plan description.** ERB was created by the state’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (“the Plan”). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Pension Benefit.** A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

**Summary of Plan Provisions for Retirement Eligibility.** For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:



**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

**Forms of Payment.** The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

**Benefit Options.** The Plan has three benefit options available.

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Disability Benefit.** An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

**Cost of Living Adjustment (COLA).** All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%.

Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

**Refund of Contributions.** Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Contributions.** For the fiscal years ended June 30, 2019 and 2018 educational employers contributed to the Plan based on the following rate schedule:

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$2,017,675 and \$1,980,645, which equal the amount of the required contributions for each fiscal year. For the fiscal years ended June 30, 2019 and 2018, the Charter paid employee and employer contributions of \$107,042 and \$111,441, which equal the amount of the required contributions for each fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2019, the District and the Charter reported liabilities of \$60,629,140 and \$3,411,623 respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer’s portion was established as of the measurement date June 30, 2018. At June 30, 2018, the District’s proportion was 0.50986 percent, which was a decrease of 0.01265 from its proportion as of June 30, 2017. At June 30, 2018, the Charter’s proportion was 0.02869 percent, which was an increase of 0.00161 percent from its proportion as of June 30, 2017.

For the year ended June 30, 2019, the District and the Charter recognized pension expense of \$9,960,015 and 573,496 respectively.

At the June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 44,249	\$ 1,153,870
Changes of assumptions	12,495,379	-
Net difference between projected and actual	134,217	-
Changes in proportion and differences between the District's contributions and proportionate	182,684	890,497
District's contributions subsequent to the measurement date	2,017,675	-
<b>Total</b>	<b>\$ 14,874,204</b>	<b>\$ 2,044,367</b>

\$2,017,675 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 6,735,596
2020	4,317,923
2021	(243,123)
2022	1,766
2023	-
Thereafter	-

At the June 30, 2019, the Charter reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 2,490	\$ 64,929
Changes of assumptions	703,119	-
Net difference between projected and actual	7,552	-
Changes in proportion and differences between the Charter's contributions and proportionate	106,025	94,808
Charter's contributions subsequent to the measurement date	107,042	-
<b>Total</b>	<b>\$ 926,228</b>	<b>\$ 159,737</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

\$107,042 reported as deferred outflows of resources related to pensions resulting from the Charter’s contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	389,843
2020		253,891
2021		15,616
2022		99
2023		-
Thereafter		-

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females :</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.
Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Equities	34%	
Fixed income	27%	
Alternatives	38%	
Cash	1%	
Total	100%	7.25%

**Discount rate.** A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. The rate is 0.21% less than the 5.90% discount rate used for June 30, 2017.

This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.62%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.69 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69 percent) or 1-percentage-point higher (6.69 percent) than the current rate:

	<b>1% Decrease</b> <b>4.69%</b>	<b>Current</b> <b>Discount Rate</b> <b>5.69%</b>	<b>1% Increase</b> <b>6.69%</b>
District's proportionate share of the net pension liability	\$ 78,794,611	\$ 60,629,140	\$ 45,807,208

The following presents the Charter's proportionate share of the net pension liability calculated using the discount rate of 5.69 percent, as well as what the Charter's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69 percent) or 1-percentage-point higher (6.69 percent) than the current rate:

	<b>1% Decrease</b> <b>4.69%</b>	<b>Current Discount</b> <b>Rate</b> <b>5.69%</b>	<b>1% Increase</b> <b>6.69%</b>
Charter's proportionate share of the net pension liability	\$ 4,433,803	\$ 3,411,623	\$ 2,577,588

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2018 and June 30, 2016 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE**

**General Information about the OPEB**

**Plan description.** Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.



**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

**Benefits provided.** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms** – At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

<b>Plan membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
<b>Active membership</b>	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District and the Charter were \$289,235 and \$15,506 for the year ended June 30, 2019.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the District and Charter reported liabilities of \$14,490,892 and \$816,186, respectively, for its proportionate share of the net OPEB liability. The net OPEB liabilities were measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's and the Charter's proportion was 0.33325 percent and 0.01877 percent, respectively.

For the year ended June 30, 2019, the District recognized OPEB income of \$141,901. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 857,954
Changes in assumptions	-	2,705,385
Net difference between projected and actual		180,841
Changes in proportion and differences between the District's contributions and proportionate	-	578,863
District's contributions subsequent to the measurement date	289,235	-
<b>Total</b>	<b>\$ 289,235</b>	<b>\$ 4,323,043</b>

Deferred outflows of resources totaling \$289,235 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(1,073,955)
2020		(1,073,955)
2021		(1,073,955)
2022		(857,296)
Thereafter		(243,882)
<b>Total</b>	<b>\$</b>	<b>(4,323,043)</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

For the year ended June 30, 2019, the recognized OPEB expense of \$6,789. At June 30, 2019 the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 48,323
Changes in assumptions	-	152,378
Net difference between projected and actual	-	10,186
Changes in proportion and differences between the Charter's contributions and proportionate	37,183	-
Charter's contributions subsequent to the measurement date	15,506	-
<b>Total</b>	<b>\$ 52,689</b>	<b>\$ 210,887</b>

Deferred outflows of resources totaling \$15,506 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2020	\$	(45,704)
2021		(45,704)
2022		(45,704)
2023		(33,501)
2024		(3,091)
<b>Total</b>	<b>\$</b>	<b>(173,704)</b>

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

The best estimates for the long-term expected rate of return is summarized as follows:

<b>Asset Class</b>	<b>Long-Term Rate of Return</b>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
\$ 17,537,392	\$ 14,490,892	\$ 12,089,572

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

The following presents the net OPEB liability of the District, as well as what the District’s net OEPB liability would be if it were calculated using healthcare cost trend rates that are 1-percent-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
\$ 12,249,885	\$ 14,490,892	\$ 16,247,893

The following presents the net OPEB liability of the Charter, as well as what the Charter’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
\$ 987,777	\$ 816,186	\$ 680,934

The following presents the net OPEB liability of the Charter, as well as what the Charter’s net OEPB liability would be if it were calculated using healthcare cost trend rates that are 1-percent-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
\$ 689,963	\$ 816,186	\$ 915,148

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)**

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2019.

**NOTE 11: CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The District had no funds that maintained a deficit fund balance at June 30, 2019. The Charter had one fund that maintained a deficit fund balance at June 30, 2019 as follows:

<b>Charter:</b>			
31200	Public Schools Capital Outlay Fund	\$	1,442
		\$	1,442

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)**

B. Excess of expenditures over appropriations. The Charter had no funds with excess of expenditures over appropriations for the year ended June 30, 2019. The District had three funds that had an excess of expenditures over appropriations as of June 30, 2019 as follows:

25131	Johnson O'Malley - Instruction	\$	1,331
25184	Indian Education Formula Grant - Instruction		6,740
	New Mexico Reads to K-3 Reading Initiative -		
27114	Instruction		7,819
			\$ 14,559

C. Designated cash appropriations in excess of available balance. The Charter had no designated cash appropriations in excess of available balances for the year ended June 30, 2019. The District had four funds with cash appropriations in excess of available balances at June 30, 2019 as follows:

		Designated	Beginning	Cash
		Cash	Year Cash &	Appropriation
			AR Available	in Excess of
				Available
22000	Athletics	\$ 33,279	\$ 21,957	\$ 11,322
26150	Burlington Res/Meridian Oil Foundation	26,482	11,611	14,871
26200	Conoco/Phillips School Grant	10,480	7,220	3,260
31701	Capital Improvements SB-9 (Local)	4,249,849	4,062,051	187,798

**NOTE 13: CONCENTRATIONS**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**NOTE 14: COMMITMENTS**

The District has no commitments as of June 30, 2019 that are required to be disclosed within the financial statements.

**NOTE 15: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$17,908,542 and \$237,421 of restricted net position for the District and Charter, respectively, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 33-34 and 92-95.



**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 16: NET POSITION/FUND BALANCE RESTATEMENT**

The District's prior period adjustments to fund balances as outlined below:

Restatement of Fund balance:

Fund	Description		
11000	To restate revenue for prior year oil and gas tax accruals not recorded as of June 30, 2018	\$	12,345
13000	Restatement related to the PED request on fund 13000 (cash basis)		(24,930)
31701	To restate for accounts payable not recorded as of June 30, 2018		(56,124)
31701	To restate revenue for prior year oil and gas tax accruals not recorded as of June 30, 2018		49,383
41000	To restate revenue for prior year oil and gas tax accruals not recorded as of June 30, 2018		252,809
Total restatement of fund balances		\$	233,483

The District's prior period adjustments to net position were as follows:

Restatement to fund balances	\$	233,483
To restate for deferred inflows of property taxes inappropriately included in the government wide financial statements		398,615
To restate beginning accumulated depreciation included in the government wide financial statements		(215,665)
To restate for beginning deferred outflows - subsequent contributions not recorded in the prior year		1,980,645
Total restatement to net position	\$	2,397,078

The Charter's prior period adjustments as outlined below:

Governmental activities net position, June 30, 2018	\$	(2,541,291)
To restate for beginning deferred outflows - subsequent contributions not recorded in the prior year	\$	111,441
Total restatement to net position	\$	111,441

**NOTE 17: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 15, 2019, which is the date on which the financial statements were issued. At this time no significant subsequent events were identified.

**Aztec New Mexico School District**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

## **Required Supplementary Information**

**Aztec Municipal School District  
Schedule of Proportionate Share of the Net Pension Liability  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

<b>Primary Government</b>	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Aztec Municipal School District's proportion of the net pension liability (asset)	0.50986%	0.52251%
Aztec Municipal School District's proportionate share of the net pension liability (asset)	\$ 60,629,140	\$ 58,068,983
Aztec Municipal School District's covered payroll	14,249,245	15,478,050
Aztec Municipal School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	425%	375%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District and Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2016)</b>	<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.51644%	0.52870%	0.51840%
\$ 37,165,261	\$ 34,242,716	\$ 29,577,358
15,025,698	14,285,439	13,517,561
247%	240%	219%
63.97%	63.97%	66.54%

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Proportionate Share of the Net Pension Liability  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

<b>Component Unit</b>	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Mosaic Academy Charter School's proportion of the net pension liability (asset)	0.02869%	0.02708%
Mosaic Academy Charter School's proportionate share of the net pension liability (asset)	\$ 3,411,623	\$ 3,009,527
Mosaic Academy Charter School's covered payroll	801,734	770,331
Mosaic Academy Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	426%	391%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District and Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
0.03023%	0.02922%	0.02894%
\$ 2,175,482	\$ 1,892,657	\$ 1,651,229
863,252	830,698	754,532
252%	228%	219%
63.97%	63.97%	66.54%

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

<b>Primary Government</b>	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 2,017,675	\$ 1,980,645
Contributions in relation to the contractually required contributions	2,017,675	1,980,645
Contribution deficiency (excess)	\$ -	\$ -
Aztec Municipal School District's covered payroll	14,515,647	14,249,245
Contribution as a percentage of covered payroll	13.90%	13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District and Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*



<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 2,151,449	\$ 2,088,572	\$ 1,985,676
<hr/> 2,151,449	<hr/> 2,088,572	<hr/> 1,985,676
<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -
15,478,050	15,025,698	14,285,439
13.90%	13.90%	13.90%

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

<b>Component Unit</b>	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 107,042	\$ 111,441
Contributions in relation to the contractually required contributions	107,042	111,441
Contribution deficiency (excess)	\$ -	\$ -
Mosaic Academy Charter School's covered payroll	770,086	801,734
Contribution as a percentage of covered payroll	13.90%	13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District and Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 107,076	\$ 119,992	\$ 115,467
107,076	119,992	115,467
\$ -	\$ -	\$ -
770,331	863,252	830,698
13.90%	13.90%	13.90%

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Employer's Proportionate Share of the Net OPEB Liability of  
New Mexico Retiree Health Care Act Plan  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

<b>Primary Government</b>	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Aztec Municipal School District's proportion of the net OPEB liability	0.33325%	0.34586%
Aztec Municipal School District's proportionate share of the net OPEB liability	\$ 14,490,892	\$ 15,673,244
Aztec Municipal School District's covered-employee payroll	\$ 14,230,050	\$ 14,847,400
Aztec Municipal School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.83%	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District**  
**Schedule of Employer's Proportionate Share of the Net OPEB Liability of**  
**New Mexico Retiree Health Care Act Plan**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

<b>Component Unit</b>	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Mosaic Academy Charter School's proportion of the net OPEB liability	0.01877%	0.14935%
Mosaic Academy Charter School's proportionate share of the net OPEB liability	\$ 816,186	\$ 813,888
Mosaic Academy Charter School's covered-employee payroll	\$ 801,300	\$ 771,050
Mosaic Academy Charter School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.86%	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

<b>Primary Government</b>	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 289,235	\$ 284,601
Contributions in relation to the contractually required contribution	(289,235)	(284,601)
Contribution deficiency (excess)	\$ -	\$ -
Aztec Municipal School District's covered-employee payroll	\$ 14,461,750	\$ 14,230,050
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Aztec Municipal School District will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

<b>Component Unit</b>	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 15,506	\$ 16,026
Contributions in relation to the contractually required contribution	(15,506)	(16,026)
Contribution deficiency (excess)	\$ -	\$ -
Mosaic Academy Charter School's covered-employee payroll	\$ 775,300	\$ 801,300
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Mosaic Academy Charter School will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

**Aztec Municipal School District**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

**New Mexico Education Retirement Board (NMERB) Plan**

*Changes of benefit terms.*

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

*Changes of assumptions.*

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

**New Mexico Retiree Health Care Authority (NMRHCA) Plan**

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at

[http://nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/NMRHCA\\_2018\\_OPEB\\_Allocation\\_Audit.pdf](http://nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/NMRHCA_2018_OPEB_Allocation_Audit.pdf)

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at

[http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596\\_NMRHC\\_A\\_GASB74\\_Report\\_as\\_of\\_June\\_30\\_2018.pdf](http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596_NMRHC_A_GASB74_Report_as_of_June_30_2018.pdf). See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2018 valuation.

*See independent auditors' report.*  
*See notes to required supplementary information.*



## Supplementary Information

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## **Nonmajor Governmental Funds**

**Aztec Municipal School District**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

**Food Services (21000)** – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Title I (24101)** – This fund is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**NM Autism Project (24108)** – The purpose of this fund is to support the implementation of the NMAP's researched based model to improve outcomes for students with Autism Spectrum Disorders. Authority for creation of this fund is the New Mexico Autism Spectrum Disorder Project.

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from age three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. Authority for creation of this fund is New Mexico Public Education Department.

**IDEA-B Plan Results (24132)** – This fund is to support the individual school site's Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department.

**Aztec Municipal School District**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

**Carl Perkins Secondary (24174)** – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Student Support and Academic Achievement Program (24189)** – The objective of this grant is to support well-rounded educational opportunities, safe and healthy students and effective use of technology. Authority for creation of this fund is New Mexico Public Education Department.

**Comprehensive Support and Improvement (24190)** – To provide additional support to develop and implement targeted interventions to achieve dramatic student achievement gains. Funding and authority is provided through the NMPED's Every Student Succeeds Act.

**Johnson O'Malley (25131)** – To provide funding for supplemental programs in special education and the other needs of eligible Native American children. Funding and authority is provided by the Johnson-O'Malley Act of 1934 as amended, Public Law 930638.

**Indian Education Formula Grant (25184)** – To account for funds received to support projects to improve educational opportunities and achievements of Native American children. (Authority, Title IX, Part A, Subpart 1, as amended, of the Elementary and Secondary Education Act of 1965, P.L. 103-382, 20 U.S.C. 7811-7818, 25 U.S.C. 2001). Authority for creation of this fund is New Mexico Public Education Department.

**Burlington Res/Meridian Oil Foundation (26150)** – To account for fund received from Burlington and Meridian Oil Foundation supporting education programs and activities. Authority for creation of this fund from the New Mexico Public Education Department.

**Conoco/Phillips School Grant (26200)** – To account for fund received from Conoco Phillips supporting education programs and activities. Authority for creation of this fund from the New Mexico Public Education Department.

**Dual Credit Instructional Materials HB2 (27103)** – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. The authority for creation of this fund is the New Mexico Public Education Department.

**Aztec Municipal School District**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**2010 GO Bonds – Public School Acquisition (27106)** – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school libraries statewide. The funding was made available through Senate Bill 1. Laws of 2020, 2<sup>nd</sup> Special Session B3.

**2012 GO Bond - Student Library (27107)** – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school and state-supported school libraries statewide. Authority for the creation of this fund is the New Mexico Public Education Department.

**Instructional Material Adoption to Support (27113)** – To account for financial activity associated with the contract between NMMPED supporting the annual review of instructional material submitted to the NMMPED for acceptance in use for public schools in New Mexico.

**NM Reads to Lead K-3 Reading Initiative (27114)** – To account for the financial activity in relation to the initiative, which provides an aligned approach for districts to ensure that children read by the end of the third grade. Awards for this fund are authorized by PED. Authority for the creation of this fund is the New Mexico Public Education Department

**Excellence in Teaching Award (27125)** – To recognize teachers earning the highest distinction. Authorized by House Bill 2- General Appropriation Act of 2018. Authority for the creation of this fund is the New Mexico Public Education Department

**Pre-K Initiative (27149)** – To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authority for the creation of this fund is the New Mexico Public Education Department.

**Indian Education Act (27150)** – To account for state funds used to increase academic achievement and provide culturally relevant learning experiences for American Indian students. Funding and authority provided through the NM PED.

**Breakfast for Elementary Students (27155)** – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

**After School Enrichment Program (27168)** – To provide funds for public schools to implement after school and enrichment programs. Authority for the creation of this fund is the New Mexico Public Education Department.

**NM Grown FFV (27183)** – These funds are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Authority for creation of this fund is House Bill 2, General Appropriations as of 2013.

**Aztec Municipal School District**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**K-5 Plus (27198)** – The purpose this program is to provide funding for additional educational time for students in kindergarten through third grade with at least 25 instructional days, beginning up two months earlier than the regular school year. Authority for the creation of this fund is the New Mexico Public Education Department.

**Youth Conservation Corp (28133)** – To promote the education, success and well-being of the youth of New Mexico through the conservation and enhancement of the state’s natural resources and lasting community benefits. Funds are provided to the District from YCC to employ students for different projects. Authority for the creation of this fund is the New Mexico Public Education Department.

**Medicaid Support HSD (28144)** – The purpose of this fund is to account for funding originating from insurance claim receipts that are generated from the services provided by the District’s School Based Health Care (SBHC) program and facilitates and are then used to provide additional operational, administrative and facilities support to the District’s SBHC program. Authority for creation of this fund is Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) and the authorization of the New Mexico Public Education Department.

**Private Direct Grants (29102)** – To provide additional classroom time at Aztec High School for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

**Capital Improvements SB-9 State (31700)** – To account for resources received through Senate Bill 9 obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

**Aztec Municipal School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

**Special Revenue**

	<b>Food Services 21000</b>	<b>Athletics 22000</b>	<b>Title I 24101</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 643,535	\$ 25,341	\$ -
Receivables:			
Property taxes	-	-	-
Due from other governments	156,952	-	107,506
Inventory	17,329	-	-
<b>Total assets</b>	<b>\$ 817,816</b>	<b>\$ 25,341</b>	<b>\$ 107,506</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 57,483	\$ -	\$ -
Other accrued liabilities	-	-	14,572
Due to other funds	-	-	92,934
<b>Total liabilities</b>	<b>57,483</b>	<b>-</b>	<b>107,506</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventory	17,329	-	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Instructional materials	-	-	-
Food services	743,004	-	-
Extracurricular activities	-	25,341	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
<b>Total fund balances</b>	<b>760,333</b>	<b>25,341</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 817,816</b>	<b>\$ 25,341</b>	<b>\$ 107,506</b>

*See independent auditors' report.*



**Special Revenue**

NM Autism Project 24108		Preschool IDEA-B 24109		IDEA-B Plan Results 24132		Teacher/ Principal Training & Recruiting 24154		Carl Perkins Program 24174	
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-
	6,578		4,164		2,501		42,635		9,799
	-		-		-		-		-
\$	6,578	\$	4,164	\$	2,501	\$	42,635	\$	9,799
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		1,075		-
	6,578		4,164		2,501		41,560		9,799
	6,578		4,164		2,501		42,635		9,799
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
\$	6,578	\$	4,164	\$	2,501	\$	42,635	\$	9,799

See independent auditors' report.

**Aztec Municipal School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue		
	Student Support and Academic Achievement 24189	VNHS- Comprehensive Support and Improvement 24190	Johnson O'Malley 25131
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Property taxes	-	-	-
Due from other governments	2,343	11,046	8,772
Inventory	-	-	-
<b>Total assets</b>	<b>\$ 2,343</b>	<b>\$ 11,046</b>	<b>\$ 8,772</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	158
Due to other funds	2,343	11,046	8,614
<b>Total liabilities</b>	<b>2,343</b>	<b>11,046</b>	<b>8,772</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventory	-	-	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Instructional materials	-	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,343</b>	<b>\$ 11,046</b>	<b>\$ 8,772</b>

*See independent auditors' report.*

**Special Revenue**

	Indian Ed Formula Grant 25184	Burlington Res/Meridian Oil Foundation 26150	Conoco/Phillips School Grant 26200	Dual Credit Instruction Materials HB2 27103	2010 GO Bonds- Public School Acquisition 27106
\$	-	\$ 5,790	\$ 5,179	\$ -	\$ -
	-	-	-	-	-
	31,097	-	-	6,079	-
	-	-	-	-	-
<b>\$</b>	<b>31,097</b>	<b>\$ 5,790</b>	<b>\$ 5,179</b>	<b>\$ 6,079</b>	<b>\$ -</b>
\$	-	\$ -	\$ -	\$ -	\$ -
	2,274	-	-	-	-
	28,823	-	-	6,079	-
	31,097	-	-	6,079	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	5,790	5,179	-	-
	-	-	-	-	-
	-	5,790	5,179	-	-
<b>\$</b>	<b>31,097</b>	<b>\$ 5,790</b>	<b>\$ 5,179</b>	<b>\$ 6,079</b>	<b>\$ -</b>

*See independent auditors' report.*

**Aztec Municipal School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue		
	2012 GO Bonds- Student Library <b>27107</b>	Instruction Material Adoption to Support <b>27113</b>	New Mexico Reads to Lead K-3 Reading Initiative <b>27114</b>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 21,449	\$ -
Receivables:			
Property taxes	-	-	-
Due from other governments	204	-	49,920
Inventory	-	-	-
<b>Total assets</b>	<b>\$ 204</b>	<b>\$ 21,449</b>	<b>\$ 49,920</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	1,425
Due to other funds	204	-	48,495
<b>Total liabilities</b>	<b>204</b>	<b>-</b>	<b>49,920</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventory	-	-	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Instructional materials	-	21,449	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>21,449</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 204</b>	<b>\$ 21,449</b>	<b>\$ 49,920</b>

*See independent auditors' report.*

**Special Revenue**

Excellence in Teaching Award 27125	Pre-K Program 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Afterschool Enrichment Program 27168
\$ -	\$ -	\$ 288	\$ -	\$ -
-	-	-	-	-
-	104,373	28,539	-	13,374
-	-	-	-	-
<u>\$ -</u>	<u>\$ 104,373</u>	<u>\$ 28,827</u>	<u>\$ -</u>	<u>\$ 13,374</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	4,460	288	-	-
-	99,913	28,539	-	13,374
-	104,373	28,827	-	13,374
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 104,373</u>	<u>\$ 28,827</u>	<u>\$ -</u>	<u>\$ 13,374</u>

*See independent auditors' report.*

**Aztec Municipal School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue		
	NM Grown FFV 27183	K 5 Plus 27198	Youth Conservation Corp 28133
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Property taxes	-	-	-
Due from other governments	-	10,647	39,433
Inventory	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 10,647</b>	<b>\$ 39,433</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-
Due to other funds	-	10,647	39,433
<b>Total liabilities</b>	<b>-</b>	<b>10,647</b>	<b>39,433</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventory	-	-	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Instructional materials	-	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 10,647</b>	<b>\$ 39,433</b>

*See independent auditors' report.*

<u>Special Revenue</u>		<u>Capital Projects</u>	
<u>Medicaid Support HSD</u> <u>28144</u>	<u>Private Direct Grants</u> <u>29102</u>	<u>Capital Improvements SB-9 State</u> <u>31700</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 426,643	\$ 18,851	\$ 8,233	\$ 1,155,309
-	-	-	-
31,786	-	60,131	727,879
-	-	-	17,329
<u>\$ 458,429</u>	<u>\$ 18,851</u>	<u>\$ 68,364</u>	<u>\$ 1,900,517</u>
\$ -	\$ -	\$ -	\$ 57,483
11,150	-	-	35,402
-	-	-	455,046
<u>11,150</u>	<u>-</u>	<u>-</u>	<u>547,931</u>
-	-	-	-
-	-	-	-
-	-	-	17,329
-	-	-	21,449
-	-	-	743,004
-	-	-	25,341
447,279	18,851	-	477,099
-	-	68,364	68,364
<u>447,279</u>	<u>18,851</u>	<u>68,364</u>	<u>1,352,586</u>
<u>\$ 458,429</u>	<u>\$ 18,851</u>	<u>\$ 68,364</u>	<u>\$ 1,900,517</u>

See independent auditors' report.

**Aztec Municipal School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Special Revenue</b>		
	<b>Food Services</b>	<b>Athletics</b>	<b>Title I</b>
	<b>21000</b>	<b>22000</b>	<b>24101</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenues:			
Federal flowthrough grant	1,275,187	-	254,005
Federal direct grant	-	-	-
State flowthrough grant	-	-	-
State direct grant	-	-	-
Charges for service	243,576	121,664	-
<b>Total revenues</b>	<b>1,518,763</b>	<b>121,664</b>	<b>254,005</b>
<b>Expenditures</b>			
Current:			
Instruction	-	118,280	247,693
Support services - students	-	-	-
Support services - instruction	-	-	-
Support services - general administration	47,828	-	6,312
Support services - school administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	1,409,217	-	-
<b>Total expenditures</b>	<b>1,457,045</b>	<b>118,280</b>	<b>254,005</b>
Excess (deficiency) of revenues over expenditures	61,718	3,384	-
Net change in fund balances	61,718	3,384	-
Fund balances - beginning	698,615	21,957	-
Fund balances - ending	\$ 760,333	\$ 25,341	\$ -

*See independent auditors' report.*



Special Revenue

	NM Autism Project 24108	Preschool IDEA-B 24109	IDEA-B Plan Results 24132	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Secondary 24174
\$	-	\$ -	\$ -	\$ -	-
	6,595	4,164	12,457	64,370	14,455
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	6,595	4,164	12,457	64,370	14,455
	5,859	3,414	12,457	-	14,074
	368	633	-	-	-
	-	-	-	62,445	-
	-	117	-	1,925	381
	368	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	6,595	4,164	12,457	64,370	14,455
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	-

See independent auditors' report.

**Aztec Municipal School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue		
	Student Support and Academic Achievement 24189	VNHS- Comprehensive Support and Improvement 24190	Johnson O'Malley 25131
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenues:			
Federal flowthrough grant	7,687	11,046	-
Federal direct grant	-	-	28,457
State flowthrough grant	-	-	-
State direct grant	-	-	-
Charges for service	-	-	-
<b>Total revenues</b>	<b>7,687</b>	<b>11,046</b>	<b>28,457</b>
Expenditures			
Current:			
Instruction	7,687	-	2,941
Support services - students	-	11,046	24,430
Support services - instruction	-	-	-
Support services - general administration	-	-	1,086
Support services - school administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	-	-	-
<b>Total expenditures</b>	<b>7,687</b>	<b>11,046</b>	<b>28,457</b>
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

*See independent auditors' report.*

Special Revenue				
Indian Education Formula Grant 25184	Burlington Res/Meridian Oil Foundation 26150	Conoco/Phillips School Grant 26200	Dual Credit Instructional Materials HB2 27103	2010 GO Bonds- Public School Acquisition 27106
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
86,536	-	-	-	-
-	-	-	11,735	-
-	-	-	-	-
-	-	-	-	-
86,536	-	-	11,735	-
65,811	5,821	2,041	10,472	1,263
19,996	-	-	-	-
-	-	-	-	-
729	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
86,536	5,821	2,041	10,472	1,263
-	(5,821)	(2,041)	1,263	(1,263)
-	(5,821)	(2,041)	1,263	(1,263)
-	11,611	7,220	(1,263)	1,263
\$ -	\$ 5,790	\$ 5,179	\$ -	\$ -

*See independent auditors' report.*

**Aztec Municipal School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Special Revenue</b>		
	<b>2012 GO Bond- Student Library 27107</b>	<b>Instructional Material Adoption to Support 27113</b>	<b>New Mexico Reads to Lead K-3 Reading Initiative 27114</b>
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenues:			
Federal flowthrough grant	-	-	-
Federal direct grant	-	-	-
State flowthrough grant	204	-	138,666
State direct grant	-	-	-
Charges for service	-	-	-
<b>Total revenues</b>	<b>204</b>	<b>-</b>	<b>138,666</b>
Expenditures			
Current:			
Instruction	-	-	57,776
Support services - students	-	-	-
Support services - instruction	204	-	80,890
Support services - general administration	-	-	-
Support services - school administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	-	-	-
<b>Total expenditures</b>	<b>204</b>	<b>-</b>	<b>138,666</b>
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning	-	21,449	-
Fund balances - ending	\$ -	\$ 21,449	\$ -

*See independent auditors' report.*

**Special Revenue**

<b>Excellence in Teaching Award 27125</b>	<b>Pre-K Initiative 27149</b>	<b>Indian Education Act 27150</b>	<b>Breakfast for Elementary Students 27155</b>	<b>After School Enrichment Program 27168</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
102,268	198,435	28,539	7,184	45,000
-	-	-	-	-
-	-	-	-	-
<b>102,268</b>	<b>198,435</b>	<b>28,539</b>	<b>7,184</b>	<b>45,000</b>
86,120	181,854	18,800	-	45,000
-	-	8,719	-	-
-	-	-	-	-
-	-	-	-	-
16,148	-	-	-	-
-	-	-	-	-
-	16,581	1,020	-	-
-	-	-	7,184	-
<b>102,268</b>	<b>198,435</b>	<b>28,539</b>	<b>7,184</b>	<b>45,000</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

*See independent auditors' report.*

**Aztec Municipal School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Special Revenue</b>		
	<b>NM Grown FFV</b>	<b>K 5 Plus</b>	<b>Youth Conservation Corp</b>
	<b>27183</b>	<b>27198</b>	<b>28133</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenues:			
Federal flowthrough grant	-	-	-
Federal direct grant	-	-	-
State flowthrough grant	10,000	10,647	-
State direct grant	-	-	64,861
Charges for service	-	-	-
<b>Total revenues</b>	<b>10,000</b>	<b>10,647</b>	<b>64,861</b>
<b>Expenditures</b>			
Current:			
Instruction	-	10,647	63,123
Support services - students	-	-	-
Support services - instruction	-	-	-
Support services - general administration	-	-	-
Support services - school administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	10,000	-	-
<b>Total expenditures</b>	<b>10,000</b>	<b>10,647</b>	<b>63,123</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>1,738</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>1,738</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>-</b>	<b>(1,738)</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

<u>Special Revenue</u>		<u>Capital Projects</u>	
Medicaid Support HSD 28144	Private Direct Grants 29102	Capital Improvements SB-9 State 31700	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ (18,631)	\$ (18,631)
-	-	-	1,649,966
-	-	-	114,993
-	-	60,131	612,809
391,339	-	-	456,200
-	-	-	365,240
391,339	-	41,500	3,180,577
315,110	-	-	1,276,243
134,466	-	-	199,658
-	-	-	143,539
-	-	-	58,378
89,509	-	-	89,877
-	-	-	16,148
-	-	60,131	60,131
-	-	-	17,601
-	-	-	1,426,401
539,085	-	60,131	3,287,976
(147,746)	-	(18,631)	(107,399)
(147,746)	-	(18,631)	(107,399)
595,025	18,851	86,995	1,459,985
\$ 447,279	\$ 18,851	\$ 68,364	\$ 1,352,586

*See independent auditors' report.*

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## **General Fund**

**Aztec Municipal School District**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2019**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total General Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 2,747,194	\$ 40,148	\$ 178,049	\$ 2,965,391
Receivables:				
Property taxes	17,338	-	-	17,338
Oil and gas taxes	12,693	-	-	12,693
Due from other governments	20,784	-	1,921	22,705
Due from other funds	866,745	-	-	866,745
<b>Total assets</b>	<b>\$ 3,664,754</b>	<b>\$ 40,148</b>	<b>\$ 179,970</b>	<b>\$ 3,884,872</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 45,636	\$ -	\$ -	\$ 45,636
Other accrued liabilities	515,662	40,148	-	555,810
<b>Total liabilities</b>	<b>561,298</b>	<b>40,148</b>	<b>-</b>	<b>601,446</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	13,915	-	-	13,915
<b>Total deferred inflows of resources</b>	<b>13,915</b>	<b>-</b>	<b>-</b>	<b>13,915</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>Restricted for:</b>				
Instructional materials	-	-	179,970	179,970
<b>Committed for:</b>				
Roof replacement	750,000	-	-	750,000
Solar system replacement	312,500	-	-	312,500
Activity bus	250,000	-	-	250,000
Subsequent year's expenditures	2,366,518	-	-	2,366,518
Unassigned	(589,477)	-	-	(589,477)
<b>Total fund balances</b>	<b>3,089,541</b>	<b>-</b>	<b>179,970</b>	<b>3,269,511</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,664,754</b>	<b>\$ 40,148</b>	<b>\$ 179,970</b>	<b>\$ 3,884,872</b>

*See independent auditors' report.*

**Aztec Municipal School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total General Fund
<b>Revenues</b>				
Property taxes	\$ 155,865	\$ -	\$ -	\$ 155,865
Oil and gas taxes	104,393	-	-	104,393
Intergovernmental revenues:				
Federal flowthrough	73,924	-	-	73,924
State flowthrough	52,157	-	-	52,157
State direct	14,424	-	-	14,424
Transportation distribution	-	940,240	-	940,240
State instruction distribution	-	-	99,607	99,607
State equalization guarantee	20,855,965	-	-	20,855,965
Charges for service	85,175	-	-	85,175
Investment income	166,970	-	-	166,970
Other Revenue	35,341	-	419	35,760
<b>Total revenues</b>	<b>21,544,214</b>	<b>940,240</b>	<b>100,026</b>	<b>22,584,480</b>
<b>Expenditures</b>				
Current:				
Instruction	12,679,110	-	20,648	12,699,758
Support services - students	1,945,601	-	-	1,945,601
Support services - instruction	365,345	-	-	365,345
Support services - general administration	401,900	-	-	401,900
Support services - school administration	1,781,258	-	-	1,781,258
Central services	1,004,069	-	-	1,004,069
Operation and maintenance of plant	2,743,756	-	-	2,743,756
Student transportation	53,977	965,171	-	1,019,148
Community services operations	61,086	-	-	61,086
Other support services	1,827	-	-	1,827
<b>Total expenditures</b>	<b>21,037,929</b>	<b>965,171</b>	<b>20,648</b>	<b>22,023,748</b>
Excess (deficiency) of revenues over expenditures	506,285	(24,931)	79,378	560,732
Other financing sources (uses)				
Proceeds from sale of capital assets	518	-	-	518
<b>Total other financing sources (uses)</b>	<b>518</b>	<b>-</b>	<b>-</b>	<b>518</b>
<b>Net change in fund balances</b>	<b>506,803</b>	<b>(24,931)</b>	<b>79,378</b>	<b>561,250</b>
Fund balances - beginning, as originally stated	2,570,393	49,861	100,592	2,720,846
Fund balances - restatement (note 16)	12,345	(24,930)	-	(12,585)
Fund balances - beginning, as restated	2,582,738	24,931	100,592	2,708,261
<b>Fund balances - ending</b>	<b>\$ 3,089,541</b>	<b>\$ -</b>	<b>\$ 179,970</b>	<b>\$ 3,269,511</b>

*See independent auditors' report.*

**Aztec Municipal School District  
Operational Fund (11000)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 138,706	\$ 138,706	\$ 155,943	\$ 17,237
Oil and gas taxes	82,066	82,066	109,899	27,833
Intergovernmental revenues:				
Federal flowthrough	60,000	60,000	73,924	13,924
State flowthrough	44,320	44,320	52,986	8,666
State direct	10,953	10,953	14,424	3,471
State equalization guarantee	20,718,364	20,718,364	20,855,965	137,601
Charges for services	39,680	39,680	83,107	43,427
Investment income	100,800	100,800	165,636	64,836
Other revenue	29,126	29,126	34,893	5,767
<b>Total revenues</b>	<b>21,224,015</b>	<b>21,224,015</b>	<b>21,546,777</b>	<b>322,762</b>
<b>Expenditures</b>				
Current:				
Instruction	14,258,198	14,256,698	12,678,760	1,577,938
Support services - students	1,991,709	1,991,709	1,945,601	46,108
Support services - instruction	349,589	384,942	365,345	19,597
Support services - general administration	359,656	447,487	401,429	46,058
Support services - school administration	1,670,256	1,782,635	1,781,258	1,377
Central services	1,095,994	1,095,994	1,004,205	91,789
Operation and maintenance of plant	3,211,292	2,945,150	2,740,313	204,837
Student transportation	85,700	117,779	57,618	60,161
Community services operations	63,624	63,624	61,086	2,538
Other support services	5,279	5,279	1,827	3,452
<b>Total expenditures</b>	<b>23,091,297</b>	<b>23,091,297</b>	<b>21,037,442</b>	<b>2,053,855</b>
Excess (deficiency) of revenues over expenditures	(1,867,282)	(1,867,282)	509,335	2,376,617
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	1,861,678	1,861,678	-	(1,861,678)
Proceeds from sale of capital assets	5,604	5,604	510	(5,094)
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,867,282</b>	<b>1,867,282</b>	<b>510</b>	<b>(1,866,772)</b>
Net change in fund balances	-	-	509,845	509,845
Fund balances - beginning	-	-	2,588,432	2,588,432
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,098,277</b>	<b>\$ 3,098,277</b>
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ 509,845
Adjustments to revenues for changes in instructional support revenues and property taxes				(2,555)
Adjustments to expenditures for supplies, maintenance, rentals, and accrued payroll				(487)
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ 506,803</b>

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**Aztec Municipal School District  
Transportation Fund (13000)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	940,240	940,240	940,240	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
<b>Total revenues</b>	<b>940,240</b>	<b>940,240</b>	<b>940,240</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	940,240	965,171	965,171	-
Community services operations	-	-	-	-
Other support services	-	-	-	-
<b>Total expenditures</b>	<b>940,240</b>	<b>965,171</b>	<b>965,171</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	(24,931)	(24,931)	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	24,931	-	(24,931)
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>24,931</b>	<b>-</b>	<b>(24,931)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(24,931)</b>	<b>(24,931)</b>
Fund balances - beginning, as originally stated	-	-	49,861	49,861
Fund balances- restatement (note 16)	-	-	(24,930)	(24,930)
Fund balances- beginning, as restated	-	-	24,931	24,931
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ (24,931)
No adjustments to revenues				-
No adjustments to expenditures				-
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ (24,931)</b>

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**Aztec Municipal School District  
Instructional Materials Fund (14000)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
State instruction distribution	97,687	99,608	97,686	(1,922)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other revenue	0	-	419	419
<b>Total revenues</b>	<b>97,687</b>	<b>99,608</b>	<b>98,105</b>	<b>(1,503)</b>
<b>Expenditures</b>				
Current:				
Instruction	198,173	200,094	20,648	179,446
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community services operations	-	-	-	-
Other support services	-	-	-	-
<b>Total expenditures</b>	<b>198,173</b>	<b>200,094</b>	<b>20,648</b>	<b>179,446</b>
Excess (deficiency) of revenues over expenditures	(100,486)	(100,486)	77,457	177,943
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	100,486	100,486	-	(100,486)
<b>Total other financing sources (uses)</b>	<b>100,486</b>	<b>100,486</b>	<b>-</b>	<b>(100,486)</b>
Net change in fund balances	-	-	77,457	77,457
Fund balances - beginning of year	-	-	100,592	100,592
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 178,049</b>	<b>\$ 178,049</b>
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ 77,457
Adjustments to revenues for state instruction distributions				1,921
No adjustments to expenditures				-
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ 79,378</b>

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**Mosaic Academy Charter School**  
**Component Unit of Aztec Municipal School District**

**Aztec Municipal School District  
Mosaic Academy Charter School  
Combining Balance Sheet  
Governmental Funds  
June 30, 2019**

	<u>General</u>		<u>Special Revenue</u>	
	Operational	Instructional	Title 1	Entitlement
	11000	Materials 14000	24101	IDEA-B 24106
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 338,013	\$ 22,057	\$ -	\$ -
Accounts receivable				
Property taxes	-	-	-	-
Due from other governments	-	-	4,266	20,245
Due from other funds	48,773	-	-	-
<b>Total assets</b>	<b>\$ 386,786</b>	<b>\$ 22,057</b>	<b>\$ 4,266</b>	<b>\$ 20,245</b>
<b>Liabilities</b>				
Accounts payable	\$ 9,700	\$ -	\$ -	\$ -
Accrued expenses	26,229	-	-	-
Due to other funds	-	-	4,266	20,245
<b>Total liabilities</b>	<b>35,929</b>	<b>-</b>	<b>4,266</b>	<b>20,245</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
Spendable				
Restricted				
Instructional materials	-	22,057	-	-
Capital acquisitions and improvemer	-	-	-	-
Committed				
Subsequent year's expenditures	316,496	-	-	-
Unassigned (deficit)	34,361	-	-	-
<b>Total fund balances</b>	<b>350,857</b>	<b>22,057</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 386,786</b>	<b>\$ 22,057</b>	<b>\$ 4,266</b>	<b>\$ 20,245</b>

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Special Revenue		Capital Projects			Total
Teacher/ Principal Training & Recruiting 24154	Excellence in Teaching Awards 27125	Public Schools Capital Outlay 31200	Capital Improvements SB-9 Local 31701		
\$ -	\$ -	\$ -	\$ 233,660	\$	593,730
-	-	-	5,203		5,203
2,772	-	29,364	-		56,647
-	-	-	-		48,773
<u>\$ 2,772</u>	<u>\$ -</u>	<u>\$ 29,364</u>	<u>\$ 238,863</u>	<u>\$</u>	<u>704,353</u>
\$ -	\$ -	\$ 9,316	\$ -	\$	19,016
-	-	-	-		26,229
2,772	-	21,490	-		48,773
<u>2,772</u>	<u>-</u>	<u>30,806</u>	<u>-</u>		<u>94,018</u>
-	-	-	4,021		4,021
-	-	-	4,021		4,021
-	-	-	-		22,057
-	-	-	234,842		234,842
-	-	-	-		316,496
-	-	(1,442)	-		32,919
-	-	(1,442)	234,842		606,314
<u>\$ 2,772</u>	<u>\$ -</u>	<u>\$ 29,364</u>	<u>\$ 238,863</u>	<u>\$</u>	<u>704,353</u>

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**Aztec Municipal School District  
Mosaic Academy Charter School  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position  
June 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	606,314
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		139,742
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities		4,021
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows - pension (note 9)		926,228
Deferred inflows - pension (note 9)		(159,737)
Deferred outflows - OPEB (note 10)		52,689
Deferred inflows - OPEB (note 10)		(210,887)
Certain liabilities, including net pension liability and OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(3,411,623)
OPEB liability		(816,186)
<hr/>		
Total net position - government funds	\$	<u>(2,869,439)</u>

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**Aztec Municipal School District  
Mosaic Academy Charter School  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
June 30, 2019**

	General		Special Revenue	
	Operational 11000	Instructional Materials 14000	Title 1 24101	Entitlement IDEA-B 24106
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough grants	-	-	4,266	43,880
State flowthrough grants	581	6,109	-	-
State equalization guarantee	1,368,699	-	-	-
<b>Total revenues</b>	<b>1,369,280</b>	<b>6,109</b>	<b>4,266</b>	<b>43,880</b>
<b>Expenditures</b>				
Current:				
Instruction	880,095	9,101	4,266	43,880
Support services-students	88,414	-	-	-
Support services-instruction	10,152	-	-	-
Support services-general administration	88,463	-	-	-
Support services-school administration	113,781	-	-	-
Central services	88,944	-	-	-
Operation and maintenance of plant	107,633	-	-	-
School transportation	204	-	-	-
Food service operations	4,430	-	-	-
<b>Total expenditures</b>	<b>1,382,116</b>	<b>9,101</b>	<b>4,266</b>	<b>43,880</b>
Excess (deficiency) of revenues over expenditures	(12,836)	(2,992)	-	-
Net change in fund balances	(12,836)	(2,992)	-	-
Fund balances - beginning	363,693	25,049	-	-
<b>Fund balances - ending</b>	<b>\$ 350,857</b>	<b>\$ 22,057</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue		Capital Projects			
Teacher/ Principal Training & Recruiting 24154	Excellence in Teaching Awards 27125	Public Schools Capital Outlay 31200	Capital Improvements SB-9 Local 31701		Total
\$ -	\$ -	\$ -	\$ 45,923	\$	45,923
-	-	-	25,466		25,466
-	-	-	-		48,146
-	16,148	122,305	-		145,143
-	-	-	-		1,368,699
-	16,148	122,305	71,389		1,633,377
-	16,148	-	-		953,490
-	-	-	-		88,414
-	-	-	-		10,152
-	-	-	363		88,826
-	-	-	-		113,781
-	-	-	-		88,944
-	-	123,747	22,794		254,174
-	-	-	-		204
-	-	-	-		4,430
-	16,148	123,747	23,157		1,602,415
-	-	(1,442)	48,232		30,962
-	-	(1,442)	48,232		30,962
-	-	-	186,610		575,352
\$ -	\$ -	\$ (1,442)	\$ 234,842	\$	606,314

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**Aztec Municipal School District  
Mosaic Academy Charter School**

**Reconciliation of the Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	30,962
--------------------------------------------------------	----	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation expense		(16,835)
----------------------	--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable		4,021
--------------------------------------------------------------------	--	-------

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits and other post-employment benefits earned net of employee contributions are reported as pension and OPEB expense:

Charter pension contribution		107,042
Pension expense		(573,496)
Charter OPEB contribution		15,506
OPEB expense		(6,789)

Change in net position of governmental activities	\$	(439,589)
---------------------------------------------------	----	-----------

*See independent auditors' report.*

**Aztec Municipal School District  
Mosaic Academy Charter School  
General Fund (11000, 14000)**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<b>Revenues</b>				
Oil and gas taxes	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental revenues:				
Federal flowthrough grants	2,000	2,000	-	(2,000)
State flowthrough grants	5,094	6,109	6,690	581
State equalization guarantee	1,307,650	1,358,330	1,368,699	10,369
<b>Total revenues</b>	<b>1,315,744</b>	<b>1,367,439</b>	<b>1,375,389</b>	<b>7,950</b>
<b>Expenditures</b>				
Current:				
Instruction	838,556	925,184	915,425	9,759
Support services-students	81,350	87,700	88,414	(714)
Support services-instruction	10,610	18,852	10,152	8,700
Support services-general administration	109,234	125,537	94,927	30,610
Support services-school administration	125,498	141,404	113,781	27,623
Central services	76,246	101,750	79,244	22,506
Operation and maintenance of plant	200,874	228,599	108,723	119,876
Student transportation	-	400	204	196
Food Services	4,000	5,000	4,430	570
<b>Total expenditures</b>	<b>1,446,368</b>	<b>1,634,426</b>	<b>1,415,300</b>	<b>219,126</b>
Excess (deficiency) of revenues over expenditures	(130,624)	(266,987)	(39,911)	227,076
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	130,624	266,987	-	(266,987)
<b>Total other financing sources (uses)</b>	<b>130,624</b>	<b>266,987</b>	<b>-</b>	<b>(266,987)</b>
Net change in fund balances	-	-	(39,911)	(39,911)
Fund balance - beginning of year	-	-	422,525	422,525
Fund balance - end of year	\$ -	\$ -	\$ 382,614	\$ 382,614
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ (39,911)
No adjustments to revenue				-
Adjustments to expenditures for payroll and operational expenses				24,083
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ (15,828)</b>

*See independent auditors' report.*



**Aztec Municipal School District  
Mosaic Academy Charter School  
Entitlement IDEA-B (24106)**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ 64,592	\$ 43,839	\$ (20,753)
<b>Total revenues</b>	<b>-</b>	<b>64,592</b>	<b>43,839</b>	<b>(20,753)</b>
Expenditures				
Current:				
Instruction	-	61,757	43,880	17,877
<b>Total expenditures</b>	<b>-</b>	<b>61,757</b>	<b>43,880</b>	<b>17,877</b>
Excess (deficiency) of revenues over expenditures	-	2,835	(41)	(2,876)
Net change in fund balances	-	-	(41)	(41)
Fund balance - beginning of year	-	-	(20,204)	(20,204)
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,245)</b>	<b>\$ (20,245)</b>
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ (41)
Adjustments to revenue for federal flowthrough receivables				41
No adjustments to expenditures				-
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ -</b>

*See independent auditors' report.*

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**Aztec Municipal School District**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Component Unit**  
**June 30, 2019**

	<b>Agency Funds</b>
Current Assets	
Cash and cash equivalents	\$ 22,798
<b>Total assets</b>	<b>\$ 22,798</b>
Current Liabilities	
Deposits held in trust for others	\$ 22,798
<b>Total liabilities</b>	<b>\$ 22,798</b>

*See independent auditors' report.*

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## **Supporting Schedules**

**Aztec Municipal School District**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2019**

**District:**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
<b>Citizens Bank</b>				
	FNM 12017 VQ	2/25/2031	3136A4F20	\$ 6,805,646
	FFCB 1.98/2024	10/25/2024	3133EGZW8	3,915,840
	FHL 3804 PX	1/15/2041	3137A7F47	4,357,400
	FNM 13030 PT	4/25/2043	3136ADMD8	3,343,849
	FHLB	10/25/2040	3136A3KNO	5,192,214
	FHLB	6/15/2040	3137AMMY0	4,141,456
Total Citizens Bank pledged collateral				27,756,405
<b>Wells Fargo</b>				
	BNY MELLON	10/1/2042	31417DQT3	376,451
Total Wells Fargo pledged collateral				376,451
Total pledged collateral				\$ 28,132,856

**Charter School:**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
<b>Citizens Bank</b>				
	FHLB	8/31/2038	098104KA9	\$ 585,388
Total Citizens Bank pledged collateral				585,388
Total pledged collateral				\$ 585,388

*See independent auditors' report.*

**Aztec Municipal School District**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2019**

<b>Bank Account Type/Name</b>	<b>Citizens Bank</b>	<b>Wells Fargo Bank</b>	<b>Total</b>	<b>Component Unit</b>	
				<b>Citizens Bank</b>	<b>Bank</b>
Operating	\$ 2,056,930	\$ 785,379	\$ 2,842,309	\$ 262,711	
A/P Clearing	-	92,040	92,040	2,628	
Account Analysis	(309)	-	(309)	-	
Overnight Repurchase Account	17,545,290	-	17,545,290	-	
Payroll	-	-	-	42,151	
CD	-	-	-	200,000	
<b>Total</b>	<b>19,601,911</b>	<b>877,419</b>	<b>20,479,330</b>	<b>507,490</b>	
Reconciling items	(49,968)	(225,750)	(275,718)	109,038	
Add: petty cash			14,940	-	
<b>Reconciled balance</b>	<b>\$ 19,551,943</b>	<b>\$ 651,669</b>	<b>\$ 20,218,552</b>	<b>\$ 616,528</b>	
Deposits and investments per financial statements:					
Cash and cash equivalents - statement of net position			\$ 18,842,146	\$ 593,730	
Restricted cash and cash equivalents - statement of net position			1,050,000	-	
Cash - statement of fiduciary assets and liabilities			326,406	22,798	
<b>Total deposits and investments</b>			<b>\$ 20,218,552</b>	<b>\$ 616,528</b>	

*See independent auditors' report.*

**Aztec Municipal School District**  
**Cash Reconciliation**  
**June 30, 2019**

	<b>Operational Fund</b>	<b>Transporation</b>	<b>Instructional</b>
	<b>11000</b>	<b>Fund</b>	<b>Materials Fund</b>
		<b>13000</b>	<b>14000</b>
PED Cash, June 30, 2018	\$ 2,588,007	\$ 49,861	\$ 100,592
Add:			
2018-2019 receipts	21,547,286	940,240	98,106
Total cash available	24,135,293	990,101	198,698
Less:			
2018-2019 expenditures	(21,037,751)	(965,171)	(20,649)
Adjustments	(10,333)	(24,949)	-
PED Cash, June 30, 2019	\$ 3,087,209	\$ (19)	\$ 178,049
Add / Less:			
Negative cash loans from (to)	\$ (866,745)	\$ -	\$ -
Held checks	526,654	40,167	-
Audit adjustment	76	-	-
Cash and investments per financial statements	\$ 2,747,194	\$ 40,148	\$ 178,049

*See independent auditors' report.*



Food Services Fund 21000	Athletics Fund 22000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000
\$ 674,894	\$ 21,965	\$ (625,183)	\$ (36,843)	\$ 18,832
1,403,754	121,664	998,288	111,967	-
2,078,648	143,629	373,105	75,124	18,832
(1,435,113)	(118,204)	(995,736)	(114,993)	(7,863)
-	(9)	-	-	-
<u>\$ 643,535</u>	<u>\$ 25,416</u>	<u>\$ (622,631)</u>	<u>\$ (39,869)</u>	<u>\$ 10,969</u>
\$ -	\$ -	\$ 582,624	\$ 37,437	\$ -
-	-	40,007	2,432	-
-	(75)	-	-	-
<u>\$ 643,535</u>	<u>\$ 25,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,969</u>

*See independent auditors' report.*

**Aztec Municipal School District  
Cash Reconciliation  
June 30, 2019**

	<b>State Flowthrough Fund 27000</b>	<b>State Direct Fund 28000</b>	<b>Local/State 29000</b>
PED Cash, June 30, 2018	\$ (413,307)	\$ 559,982	\$ 18,851
Add:			
2018-2019 receipts	773,035	418,287	-
Total cash available	359,728	978,269	18,851
Less:			
2018-2019 expenditures	(551,529)	(602,209)	-
Adjustments	114	-	-
PED Cash, June 30, 2019	\$ (191,687)	\$ 376,060	\$ 18,851
Add / Less:			
Negative cash loans from (to)	\$ 207,251	\$ 39,433	-
Held checks	6,173	11,150	-
Audit adjustment	-	-	-
Cash and investments per financial statements	\$ 21,737	\$ 426,643	\$ 18,851

*See independent auditors' report.*

	Bond Building Fund 31100	Capital Improvements SB-9 Fund 31700	Capital Improvements SB-9 Local 31701	Debt Service Fund 41000	Total
\$	3,837,819	\$ 68,364	\$ 3,993,687	\$ 6,715,579	\$ 17,573,100
	-	-	1,237,019	6,760,794	34,410,440
	3,837,819	68,364	5,230,706	13,476,373	51,983,540
	(177,876)	(60,131)	(1,037,602)	(5,557,974)	(32,682,801)
	-	-	-	-	(35,177)
\$	3,659,943	\$ 8,233	\$ 4,193,104	\$ 7,918,399	\$ 19,265,562
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	626,583
	-	-	-	-	1
\$	3,659,943	\$ 8,233	\$ 4,193,104	\$ 7,918,399	\$ 19,892,146

See independent auditors' report.

**Aztec Municipal School District**  
**Cash Reconciliation**  
**June 30, 2019**

	<b>Component Unit</b>		
	<b>Operational 11000</b>	<b>Instructional Materials 14000</b>	<b>Federal Flowthrough Fund 24000</b>
PED Cash, June 30, 2018	\$ 349,133	\$ 25,049	\$ (22,976)
Add:			
2018-2019 receipts	1,369,279	6,109	43,839
Prior Year Warrants Voided	6,333	-	-
Total cash available	1,724,745	31,158	20,863
Less:			
2018-2019 expenditures	(1,379,562)	(9,101)	(48,188)
Adjustments	41,748	-	2,929
PED Cash, June 30, 2019	\$ 386,931	\$ 22,057	\$ (24,396)
Add / Less:			
Other adjustments	\$ (2,917)	\$ -	\$ (115)
Negative cash loans from (to)	(46,001)	-	24,511
Cash and investments per financial statements	\$ 338,013	\$ 22,057	\$ -

*See independent auditors' report.*

<b>Component Unit</b>				
<b>State</b>	<b>Public Schools</b>	<b>Capital</b>		
<b>Flowthrough</b>	<b>Capital Outlay</b>	<b>Improvements</b>		
<b>Fund</b>	<b>31200</b>	<b>SB-9 Local</b>		
<b>27000</b>	<b>31200</b>	<b>31701</b>		<b>Total</b>
\$ -	\$ (24,851)	\$ 180,253	\$	\$ 506,608
16,150	117,793	76,563		1,629,733
-	-	-		6,333
16,150	92,942	256,816		2,142,674
(16,150)	(114,432)	(23,156)		(1,590,589)
-	-	-		44,677
\$ -	\$ (21,490)	\$ 233,660	\$	\$ 596,762
\$ -	\$ -	\$ -	\$	\$ (3,032)
-	21,490	-		-
\$ -	\$ -	\$ 233,660	\$	\$ 593,730

*See independent auditors' report.*

**Aztec Municipal School District**  
**Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments:				
District Administration	\$ 86,578	\$ 70,889	\$ (40,480)	\$ 116,987
Aztec High School	83,542	191,921	(178,718)	96,745
Vista Nueva High School	3,009	9,125	(3,084)	9,050
Koogler middle School	62,043	-	(53,308)	8,735
Lydia Rippey Elementary School	12,768	52,730	(47,118)	18,380
Park Avenue Elementary School	31,501	33,997	(28,385)	37,113
McCoy Elementary School	33,785	31,711	(26,100)	39,396
<b>Total cash and investments</b>	<b>313,226</b>	<b>390,373</b>	<b>(377,193)</b>	<b>326,406</b>
<b>Total assets</b>	<b>\$ 313,226</b>	<b>\$ 390,373</b>	<b>\$ (377,193)</b>	<b>\$ 326,406</b>

<b>Liabilities</b>				
Deposits held in trust for others	313,226	390,373	(377,193)	326,406
<b>Total liabilities</b>	<b>\$ 313,226</b>	<b>\$ 390,373</b>	<b>\$ (377,193)</b>	<b>\$ 326,406</b>

**Component Unit**

<b>Assets</b>				
Cash and cash equivalents:				
Activity	\$ 4,206	\$ 12,921	\$ (12,690)	\$ 4,437
Foundation donation	18,361	-	-	18,361
<b>Total assets</b>	<b>\$ 22,567</b>	<b>\$ 12,921</b>	<b>\$ (12,690)</b>	<b>\$ 22,798</b>

<b>Liabilities</b>				
Deposits held in trust for others	\$ 22,567	\$ 12,921	\$ (12,690)	\$ 22,798
<b>Total liabilities</b>	<b>\$ 22,567</b>	<b>\$ 12,921</b>	<b>\$ (12,690)</b>	<b>\$ 22,798</b>

*See independent auditors' report.*

## **Compliance Section**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Aztec Municipal School District  
Aztec, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and the major special revenue fund with a legally adopted annual budget of Aztec Municipal School District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weakness and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the



deficiency described in the accompanying schedule of findings and questioned costs as item FS 2019-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 2019-001 and FS 2019-002 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2019-001, NM 2019-002, NM 2019-003, NM 2019-004, NM 2019-005, NM 2018-001, CU NM 2019-001 and CU NM 2019-002.

### **District's Response to Finding**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2019

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## **Federal Financial Assistance**

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Aztec Municipal School District  
Aztec, New Mexico

#### **Report on Compliance for the Major Federal Program**

We have audited Aztec Municipal School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2019. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2019

**Aztec Municipal School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Thru Number</b>
<b>U.S. Department of Education</b>		
Indian Ed Formula Grant	84.060	25184
<i>Pass-through - State of NM Public Education Department</i>		
Title I Grants to Local Educational Agencies	84.010	24101
Title I Grants to Local Educational Agencies - Comprehensive Support and Improvements	84.010	24190
Special Education Cluster (IDEA)		
Special Education - Grants to States	84.027	24106
Special Education - Grants to States (Private School Share)	84.027	24107
Preschool Grants for Children with Disabilities	84.173	24108
Preschool Grants for Children with Disabilities - NM Autism	84.173	24109
Special Education - Grants to States (IDEA-B Results Plan)	84.027	24132
<b>Total Special Education Cluster (IDEA)</b>		
Career and Technical Education - Basic Grants to States	84.048	24174
Supporting Effective Education State Grants	84.367A	24154
Student Support and Academic Enrichment Program	84.424A	24189
<b>Total U.S. Department of Education</b>		
<b>U.S. Department of Agriculture</b>		
Fresh Fruits and Vegetables Program	10.582	25131
<i>Pass-through - State of NM Public Education Department</i>		
Child Nutrition Cluster:	*	
National School Lunch Program	10.555	21000
Breakfast for Elementary Students	10.553	27155
<b>Total Child Nutrition Cluster</b>		
<b>Total U.S. Department of Agriculture</b>		
<b>Total federal financial assistance</b>		

\* Major program

*See independent auditors' report.  
See accompanying notes to schedule of expenditures of federal awards.*

<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
\$ 86,536	\$ -	\$ -
254,005	-	-
11,046	-	-
577,118	-	-
43,839	-	-
6,595	-	-
4,164	-	-
12,457	-	-
<u>644,173</u>		
14,455	-	-
64,370	-	-
7,687	-	-
<u>1,082,272</u>	-	-
28,457	-	-
1,165,904	-	88,972
267,227	-	19,844
<u>1,433,131</u>	-	<u>108,816</u>
<u>1,461,588</u>	-	<u>108,816</u>
<u>\$ 2,543,860</u>	<u>\$ -</u>	<u>\$ 108,816</u>

*See independent auditors' report.  
See accompanying notes to schedule of expenditures of federal awards.*

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**Aztec Municipal School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Aztec Municipal School District (District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**2. Loans**

The District did not expend federal awards related to loans or loan guarantees during the year.

**3. 10% de minimus Indirect Cost Rate**

The District did not elect to use the allowed 10% indirect cost rate.

**4. Federally Funded Insurance**

The District has no federally funded insurance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per schedule of expenditures of federal awards	\$ 2,543,860
Total expenditures funded by other sources	35,850,606
<hr/>	
Total expenditures	\$ 38,394,466
<hr/>	

*See independent auditors' report.*

**Aztec Municipal School District  
Schedule of Findings and Questioned Costs  
June 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued                                               | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?                                               | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements noted?                     | None noted |

*Federal Awards:*

- |                                                                                                               |            |
|---------------------------------------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued on compliance for major programs                                           | Unmodified |
| 2. Internal control over major programs:                                                                      |            |
| a. Material weaknesses identified?                                                                            | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs:                                                                          |            |

CFDA Number	Federal Program
10.555	<b>Child Nutrition Cluster</b>
10.553	National School Lunch Program Breakfast for Elementary Students

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS**

**FS 2019-001 Internal controls over issuance of P-Cards (Significant Deficiency)**

*Condition:* The District's process is not designed to adequately control and restrict the issuance of purchasing cards.

*Criteria:* The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the District can maximize its potential for safeguarding assets and reduce the risk of misstatements within its financial statements.

*Effect:* The District has issued a large volume of purchasing cards over the years which could result in proper procurement methods not being used. Additionally, expenditures could take place that are not authorized by the finance department.

*Cause:* The District has not implemented a policy or practice to limit who purchasing cards can be issued to or to take cards out of circulation that are not necessary or appropriate.

*Auditors' Recommendation:* The District should establish preventative controls over the issuance and use of P-Cards to ensure only appropriate personnel receive cards and that the procurement code is being adhered to. Additionally, the District should review a list of its active cards to identify and remove from circulation those that are unnecessary.

*Views of Responsible Officials and Planned Corrective Action:* Subsequent to FY1819, the Finance Director put in place a timeline to retrain all personnel on NM Procurement Code Regulations and Procedures by conducting meetings at all Sites. All staff is required to follow established procedures for ordering and purchasing according to state statutes. Purchase cards are issued only to appropriate personal and are reviewed on a monthly basis. This issue has been resolved.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS (Continued)**

**FS 2019-002 Improper Accrual of Accounts Receivable – (Significant Deficiency)**

*Condition:* The District did not properly include request for reimbursements, property tax revenue and oil and gas tax revenue as part of their accounts receivable listing totaling \$784,503 as follows:

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
21000	Federal Grant Receivable	\$ 53,344
24154	Federal Grant Receivable	32,919
11000	Property Tax Receivables	15,966
31700	Property Tax Receivables	78,386
41000	Property Tax Receivables	426,194
11000	Oil and Gas Taxes Receivable	7,010
31701	Oil and Gas Taxes Receivable	28,043
41000	Oil and Gas Taxes Receivable	142,641
		<b>\$ 784,503</b>

*Criteria:* Generally Accepted Accounting Principles (GAAP) state that revenue, and the related accounts receivable, is recognized in the period in which the revenue is earned and available to finance expenditures of the current period.

*Effect:* Preparing an accurate accounts receivable subledger is essential to District’s reporting at yearend. Incorrect preparation of the accounts receivable could lead to misstating the balances and the related revenue in the proper periods.

*Cause:* The District prepared accounts receivable provided to the auditor to post accounts receivable and convert to the modified accrual basis of accounting excluded the above items.

*Auditors’ Recommendation:* We recommend the District put in place a process to ensure the recording of all accounts receivable as part of their closing process.

*Views of Responsible Officials and Planned Corrective Action:* This is a manual process that cannot be automated at this time. The planned corrective action from the business office is to continue establishing a uniform naming convention to identify different transactions. This will give the ability to filter data to identify monthly transactions versus accrual entries. This will be completed this fiscal year.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS (Continued)**

**FS 2019-003 Maintenance of Capital Assets (Material Weakness)**

*Condition:* The District's process for counting capital assets at yearend was not effectively designed to ensure that a complete and accurate listing was maintained for reporting purposes. The capital asset subledger was not being updated to reflect the results of counting procedures.

Additionally, the District did not have the capital asset listing certified by the Board of Education at yearend as required by New Mexico State statute.

Various assets included in the District's asset depreciation detail were not being appropriately depreciated resulting in an audit adjustment of \$215,665.

*Criteria:* Section 2.20.1 NMAC requires agencies to properly account for capital assets; including implementing a capital asset accounting system, proper internal controls over the capital assets, and properly accounting for capital assets disposed of during the year.

Additionally, the COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements include the control environment, risk assessment, control activities, information and communication and monitoring. The elements should be in place to properly track and safeguard capital assets.

Section 12-6-10 NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition according to NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.

*Effect:* Inaccurate tracking of capital assets increases the risk of misappropriation and assets are more susceptible to being misclassified and/or misstated without proper accounting. Items could be present on the capital assets listing that do not exist or items could exist that are not on the listing.

*Cause:* The capital asset inventory counts at year end were not adequately monitored to ensure accurate results were produced. The capital asset subledger in Visions was not being updated for the results of the counts as they were not accurate. Various assets were not set up to calculate depreciation within the subledger.

*Auditors' Recommendation:* The District should perform a full inventory count of all capital assets and perform a full reconciliation to update the Visions capital asset subledger to ensure the listing is complete and accurate. Additionally, the yearend count process should be revised and implemented to ensure that the counts are done effectively, the subledger is updated for count results, and to ensure the Board of Education reviews and certifies the yearend count.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS (Continued)**

**FS 2019-003 Maintenance of Capital Assets (Material Weakness) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The business office will review capital assets and update items in the asset detail schedule. Assets will be reviewed to ensure that appropriate asset and depreciation lives are being assigned. In addition, the Finance Director will be training and coordinating with school secretaries on how inventory counts should be done. Estimated complete date is FY2021. The District will submit the capital asset listing to the board for approval in December.

**SECTION III - SECTION 12-6-5 NMSA 1978 FINDINGS**

**NM 2019-001 User controls for Food Service Organization (Other Matter)**

*Condition:* The District does not have controls in place to monitor the results of services performed by the service organization used to manage food inventory.

*Criteria:* The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring. As part of these elements, the District and governing body are responsible for all of the internal control over financial reporting (ICFR), which includes any outsourced aspects.

*Effect:* Information required for financial reporting and compliance being provided by the service organization could be inaccurate without the District's knowledge, which could lead to the District's records not being correct.

*Cause:* District personnel were unaware of the importance of the services provided by the service organization to financial reporting and compliance objectives and the need for controls to address those objectives.

*Auditors' Recommendation:* The District should become familiar with the controls performed by the service organization and review the information provided by the service organization on a periodic basis.

*Views of Responsible Officials and Planned Corrective Action:* Finance Director has established monthly meetings with contractor to review warehouse inventory and participate in the monthly counts when being performed. The business office and the contractor will continue to review and discuss monthly spend and issues that may arise. This will be implemented this fiscal year.

**NM 2019-002 Sale of Public Property (Other noncompliance)**

*Condition:* Dispositions of capital asset inventory occurred without the approvals required by the New Mexico state statute.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION III - SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-002 Sale of Public Property (Other noncompliance) (Continued)**

*Criteria:* The Sale of Public Property Act is laid out by 13-6-1 through 13-6-8 NMSA. The requirements of 13-6-1(B) NMSA 1978 state the following: Government authority (with the exception of municipalities) shall, as a prerequisite to the disposition of any items of tangible personal property (1) designate a committee of at least 3 officials of the entity to approve and oversee the dispositions (2) give notification to the appropriate authority (state auditor).

*Effect:* Dispositions of inventory occurred without the appropriate approvals required by the statute referenced above.

*Cause:* The Finance Director was not aware of this requirement, therefore did not comply.

*Auditors' Recommendation:* The District should review the manual of procedures (PSAB)\_PSAB12 on the PED website ([https://webnew.ped.state.nm.us/wp-content/uploads/2017/12/SBFAB\\_Manual-of-Procedures-PSAB\\_PSAB12-Capital-Assets.pdf](https://webnew.ped.state.nm.us/wp-content/uploads/2017/12/SBFAB_Manual-of-Procedures-PSAB_PSAB12-Capital-Assets.pdf)) to ensure the District's procedures and policies are up to date with disposition requirements.

*Views of Responsible Officials and Planned Corrective Action:* The business office will include asset trade-in items such as copy machines to be approved by the board before transactions take place. Items will also be submitted to the State Auditor to comply with 13-6-1 (B)(2) NMSA 1978 and audit rule. This will be implemented this fiscal year.

**NM 2019-003 Stale Dated Checks (Other noncompliance) (Continued)**

*Condition:* The District had eight stale dated outstanding checks written from their bank accounts that were over one year old on their bank reconciliation at June 30, 2019, totaling \$1,639.

*Criteria:* New Mexico Statutes, Section 6-10-57 (A), NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. 6-10-57 C NMSA, 1978 states that the face amount of warrants cancelled shall revert and be credited to the fund against which it was drawn.

*Effect:* The District's book cash balance may be misstated by the amount of the stale checks. Additionally, the District did not in comply with Section 6-10-57 (A), NMSA, 1978.

*Cause:* The District overlooked the stale-dated checks during the bank reconciliation process.

*Auditors' Recommendation:* We recommend that the District review its bank reconciliations and cancel any checks that have been outstanding for more than a year. Additionally, the District's process for reconciling the bank accounts should include review a review of outstanding checks to ensure stale dated items are cancelled in a timely manner.

**Aztec Municipal School District  
Schedule of Findings and Questioned Costs  
June 30, 2019**

**SECTION III - SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-003 Stale Dated Checks (Other noncompliance) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* As part of the bank reconciliation procedure, the Finance Director will incorporate a quarterly review on all outstanding checks greater than a year to ensure they are being removed from the general ledger in a timely manner. This will be implemented this fiscal year.

**NM 2019-004 Cash Appropriations in Excess of Available Cash Balances (Other noncompliance)**

*Condition:* The below funds displayed cash appropriations in excess of available cash balances.

		Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in Excess of Available
22000	Athletics	\$ 33,279	\$ 21,957	\$ 11,322
26150	Burlington Res/Meridian Oil Foundation	26,482	11,611	14,871
26200	Conoco/Phillips School Grant	10,480	7,220	3,260
31701	Capital Improvements SB-9 (Local)	4,249,849	4,062,051	187,798

*Criteria:* Section 2.2.2.10. (Q) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures.

*Cause:* The District did not identify that the budgeted deficit in the funds listed above were not covered by the balance of prior year cash and federal receivables.

*Auditors' Recommendation:* The District should review its 2020 budget for budgeted deficits that are not covered by ending cash and federal receivables as of June 30, 2019. Additionally, the District should review for adequate coverage of budget deficits as part of the budgeting process throughout the fiscal year.

*Views of Responsible Officials and Planned Corrective Action:* The business office will continue to review the budget submissions to NMPED budget analyst to ensure accurate budget is submitted. If discrepancies are discovered throughout the year, budgetary adjustment requests will be submitted to the New Mexico Public Education Department School Budget and Finance via the Operating Budget Management System and request a transfer to alleviate any budget deficits.



**Aztec Municipal School District  
Schedule of Findings and Questioned Costs  
June 30, 2019**

**SECTION III - SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2018-001 Budgetary Noncompliance (Other noncompliance) (Repeated/modified) (previously reported as FS 2018-001)**

*Condition:* The District over expended its budget in the following funds:

25131	Johnson O'Malley - Instruction	\$	1,331
25184	Indian Education Formula Grant - Instruction		6,740
27114	New Mexico Reads to K-3 Reading Initiative - Instruction		7,819
		\$	15,890

The District was able to reduce the number of funds in which there was over expenditure and the total dollar amount by 8 and \$36,081, respectively, by implementing the prior year corrective actions the steps described in the 2018 schedule of findings and questioned costs.

*Criteria:* The District cannot exceed its budget as required by 6-6-1 through 6-6-19 NMSA 1978. Additionally 6.20.2.10 NMAC requires that the District shall submit budget requests periodically to ensure budgets are not over expended.

*Effect:* If budgets are not adhered to excess spending could result.

*Cause:* The District did not request the budget adjustments at year end to alleviate this budget overrun.

*Auditors' Recommendations:* We recommend the District continue to monitor its budgets closely and prepare budget adjustments as necessary as the year end comes to a close.

*Views of Responsible Officials and Planned Corrective Action:* The business office will continue to review the year-to-date expenditures at the function level on a monthly basis to determine any over-expenditures. Budgetary Adjustment Requests will be submitted to the New Mexico Public Education Department School Budget and Finance via the Operating Budget Management System and request a transfer to alleviate any over-expenditures.

**NM 2019-005 Internal Controls over Suspended and Debarred Vendors (Other Matter)**

*Condition:* The District does not have procedures in place to review for suspended or debarred vendors for purchase of between \$25,000 and \$60,000 using federal funds.

*Criteria:* Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. These statutes and regulations require compliance with 2 CFR 200.213 and Executive Orders 12549 and 12689, which restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Effect:* The District could contract with a prohibited party for covered transactions.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION III - SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-005 Internal Controls over Suspended and Debarred Vendors (Other Matter) (Continued)**

*Cause:* Policies and procedures have not been implemented by the District to verify that parties paid under federal programs are not suspended or debarred for transactions between \$25,000 and \$60,000.

*Auditors' Recommendation:* The District should put in place a written policies and procedures to vet parties paid with federal funds at the start of each grant period. The individuals responsible for this task should be made aware of the compliance requirement and be trained in the District's related policy and procedures.

*Views of Responsible Officials and Planned Corrective Action:* The business office has been educated on this issue and will now incorporate this procedure for all federal funds at beginning of fiscal year using websites such SAM.gov. This will ensure that vendors working in the District are in good business standing with the state of New Mexico. This will be implemented this fiscal year.

**SECTION IV - FEDERAL AWARD FINDINGS**

None noted.

**SECTION V - COMPONENT UNIT FINDINGS**

**CU NM 2019-001 Board Certification of Capital Asset Inventory (Other noncompliance)**

*Condition:* The Charter did not have the Governing Council certify the yearend capital asset inventory count as required by New Mexico state statute.

*Criteria:* Section 12-6-10 NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition according to NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.

*Effect:* The Charter was out of compliance.

*Cause:* The Charter was not aware this requirement was necessary when no changes to capital assets had occurred.

*Auditors' Recommendation:* The Charter should adjust its yearend capital asset control processes to ensure that the Governing Council certifies the results of the yearend inventory count.

*Views of Responsible Officials and Planned Corrective Action:* The Certification of Capital Asset Inventory will be added to the Council budget process. The Certification is now scheduled for the April Council Meeting.

**Aztec Municipal School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION V - COMPONENT UNIT FINDINGS (Continued)**

**CU NM 2019-002 Improper Accrual of Accounts Receivable (Other Matter)**

*Condition:* The Charter did not properly include property taxes as part of their accounts receivable listing totaling \$5,203.

*Criteria:* Generally Accepted Accounting Principles (GAAP) state that revenue, and the related accounts receivable, is recognized in the period in which the revenue is earned and available to finance expenditures of the current period.

*Effect:* Preparing an accurate accounts receivable subledger is essential to Charter's reporting at yearend. Incorrect preparation of the accounts receivable could lead to misstating the balances and the related revenue in the proper periods.

*Cause:* The Charter prepared the accounts receivable listing at year-end and incorrectly excluded items from the accrual.

*Auditors' Recommendation:* We recommend the Charter put in place a process to ensure the recording of all accounts receivable as part of their closing process.

*Views of Responsible Officials and Planned Corrective Action:* The property tax receivable was known to the Charter but was not specifically identified as such to the auditor. The business manager will check the receivables more thoroughly when the identifications are reported to the auditor at the next audit.

**SECTION VI - PRIOR YEAR AUDIT FINDINGS**

**NM 2018-001 Budgetary Noncompliance - Rpeated/modified (previously reported as FS 2018-001)**

**FS 2018-002 Pledged Collateral- Cash Equivalent and Deposits- Resolved**

**FS 2018-003 Transfer without Authority- Resolved**

**EXIT CONFERENCE**

An exit conference was held on November 14, 2019. In attendance were the following:

**Representing Aztec Municipal School District:**

Fran Dobey	Board Secretary
Kirk Carpenter	Superintendent
Evelyn Garcia	Finance Director
Monica Sosa	Business Manager

**Representing Mosaic Academy Charter School:**

Kirsten Arnett	Council Secretary
Diane Mittler	Principal
D'Rese Sutherland	Business Manager

**Representing Carr, Riggs & Ingram, LLC:**

Alan D. "A.J." Bowers, Jr., CPA, CITP (phone)	Partner
Eric Spurlin, CPA, CITP (phone)	Senior Manager
Ben Martinez, CPA	Senior Manager
Abbey Lacy	Senior

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Aztec Municipal School District from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.